A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 63 - No. 8 AUGUST 1985

THE PAPER INDUSTRY AND THE ECONOMY: JANUARY-JULY 1985

The business recovery slowed markedly in the first half of 1985. The real gross national product, which had increased by 6.8% in 1984, grew a mere 0.3% per year rate in the first quarter of 1985 and gained at only a moderate 2% a year rate in the second quarter.

The Federal Reserve Board's new index of industrial production, now on a 1977 base, followed a similar pattern. Total industrial production rose 11.6% in 1984, but its growth slowed to a 2.2% per year gain in the first quarter of 1985 and a 2.0% per year gain in the second quarter. Preliminary data for July showed production 0.4% above the second quarter level, which also represented about a 2% per year growth rate.

Both these measures are important indicators of the condition of paper and paperboard markets. Paper production tends to track real GNP; the large printing and writing paper sector and newsprint find uses in virtually every sector of the economy. Paperboard production--the raw material for the major packaging and shipping container products--tends to move in line with industrial output.

The paper industry showed its normal reaction to the slow-down in real GNP and industrial production--easing from the record high rates of 1984. In times of rising business activity both producers and users of paper, paperboard and products increase their inventories to meet the higher level of usage. As market demand slows, the pressures on inventories reverse, and requirements for new production tend to ease.

During the past two years a significant new factor has come into prominence; namely the high value of the dollar relative to other currencies. This has contributed to reduced exports and increased imports. The 1984 record high levels of demand and fears of shortages also contributed to the rise in imports, but by 1985 this factor had disappeared.

Imports of paper plus paperboard in 1984 amounted to 10,335,000 tons, 24% over the 1983 level. (See the Industry Fact Sheet that accompanies this report, and the table on page 9 for the details.) There was some decline in exports in 1984, particularly in the important kraft paperboard grades, although exports of paper rose 4.8% from their 1983 level.

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Continued from Page 1

The dollar rose further in the first quarter of 1985 and imports increased 12.4% over their year-earlier level, while exports declined by 4.8%. The decline, however, was concentrated in the paperboard grades: paper exports rose by 9.3% to a rate of 855,000 tons per year.

The dollar value eased in the second quarter and imports began to move downward. Imports of paper plus paperboard in June totaled 860,000 tons, considerably lower than the 1,022,000 tons imported in March 1985. Exports strengthened, with the June total of 328,000 tons making a high for the year to date. However, the second quarter 1985 total was 9% below that of the second quarter of 1984, bringing the first half 1985 paper export total to a little below that of the first half of 1984.

PRODUCTION TRENDS: PAPER AND PAPERBOARD

The peak in the rate of paper and paperboard production actually occurred in mid-1984: the seasonally adjusted rate in the middle months of the year--May, June and July--averaged 69.3 million tons per year. In the fourth quarter the production rate was 67.7 million tons per year. It held at that rate in the first quarter of 1985, but then moved down to a 65.5 million tons per year rate in the second quarter. Most of the second quarter weakness was concentrated in April, when several kraft linerboard mills shut down to reduce inventories.

The seasonally adjusted rate of production recovered in May, maintained that rate in June and strengthened further in July. For this most recent three month period, production averaged 66.5 million tons per year , which was within 3% of the average rate for all of 1984.

PAPER:

In the first 7 months of 1985 paper production ran at an average rate (seasonally adjusted) of 34.1 million tons per year, 1.6% below its year-ago level and just 1% below the average rate for all of 1984.

The strongest patterns continued in the printing-writing grades and in tissue papers. Shipments of printing and writing papers were at an annual rate of 18.4 million tons for the January-July 1985 period, 0.5% below their year-ago level, but matching their average rate for all of 1984. While the second quarter rate was below that of the first three months of the year, weekly data on production indicate that the bottom came early in the second quarter. Production in the last two weeks of July, for example, was back to its first quarter 1985 level. There is some indication of inventory building at the mill level.

There were major differences in the trends of the various types of printing and writing papers. The strongest pattern was in uncoated free sheet papers, which showed a 7-month 1985 total

PAPER AND PAPERBOARD STATISTICS

PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

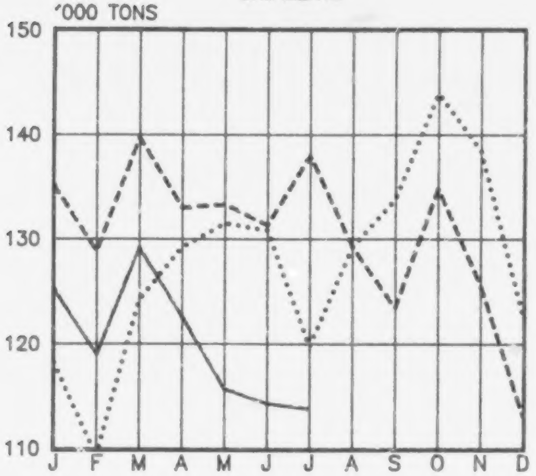
	YEAR 1983	YEAR 1984	APR. 1985	MAY 1985	JUNE 1985	JULY 1985	Annual Rate Y-T-D 1985	% Change From same Period Last Year
PAPER								
Newsprint - Production	5167	5539	427	461	449	459	5486	-1.6
- Shipments	5153	5584	450	452	448	445	5440	-4.1
Printing & Writing sum	17370	18403	1584	1546	1476	1451	18420	-0.5
Groundwood Paper - Shipments	1531	1565	123	116	114	114	1440	-10.6
- New Orders	1581	2325	110	121	142	128	1464	-9.2
-Unfilled Orders	145	1071	85	93	121	137	137	-11.5
Coated Papers - Shipments	5716	6249	516	496	456	455	6043	-2.8
- New Orders	5864	6281	509	464	492	437	5790	-7.1
- Unfilled Orders	513	575	445	410	441	422	422	-23.0
Unctd Free Sheet - Shipments	8780	9207	833	824	788	778	9595	3.2
- New Orders	9016	8939	855	827	771	741	9607	7.1
- Unfilled Orders	687	430	491	500	479	435	435	-31.1
Thin Papers - Shipments	280	275	23	24	25	20	281	0.0
Cotton Fiber Paper - Shipments	133	147	12	13	12	10	141	-4.0
Bleached Bristols - Production	931	959	78	75	80	74	920	-4.3
Tissue Paper - Production	4789	4920	394	419	418	390	4898	1.3
Total Packaging & Other Paper	5497	5555	406	444	419	414	5188	-9.8
Unbl. Kraft Paper - Shipments	3666	3666	258	290	267	280	3403	-9.9
Other Paper - Production	1832	1889	148	154	152	134	1785	-9.7
TOTAL PAPER-Production-Unadj. *	32823	34417	2811	2870	2762	2713	33992	-2.0
-Production-S.A. *			2778	2786	2822	2864	34056	-1.6
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	24779	26403	2036	2178	2070	2037	25301	-5.1
Unbl. Kraft Linerboard (1)	15001	16037	1196	1316	1211	1199	15147	-6.1
Production for Export	2281	2086	142	149	157	153	1693	-23.4
Other Unbl. Kraft Paperboard	1121	1149	88	102	115	113	1200	-0.6
Semichemical Paperboard	4731	5169	411	431	419	412	5007	-3.8
Production for Export	193	149	14	12	15	22	174	24.4
Solid Bleached Paperboard	3926	4048	341	328	325	314	3947	-3.8
Production for Export	515	478	43	41	40	29	452	-8.0
Recycled Paperboard	7398	7637	572	708	668	573	7619	-3.1
Production for Export	24	17	1	1	1	1	15	19.2
TOTAL PAPERBOARD-Prod.-Unadj. *	32177	34039	2609	2886	2738	2611	32920	-4.6
- Containerboard Prod.(Dom. Use)	19173	20993	1604	1748	1620	1591	20217	-3.9
- Boxboard Prod.(Dom. Use) (2)	5551	5783	491	462	512	428	5744	-1.3
- All Other P'bd Prod.(D.U.) (2)	4441	4531	313	473	392	386	4623	-4.0
- Total Paperbd Prod. for Export	3012	2731	200	203	214	206	2334	-18.2
TOTAL PAPERBOARD PROD.- S.A. *			2558	2736	2709	2715	32645	-4.1
TOTAL PAPER AND PAPERBOARD								
Production - actual *	65000	68457	5420	5756	5500	5324	66911	-3.3
Production - S.A. *			5336	5522	5531	5579	66701	-2.9

(1) Includes all exports of kraft paperboard.
(2) Data for unbl. kraft folding boxboard incl. in All Other P'bd.
* NOTE: Year 1984 contains one more day than year 1983.

P Preliminary
R Revised
S.A. Seasonally Adjusted

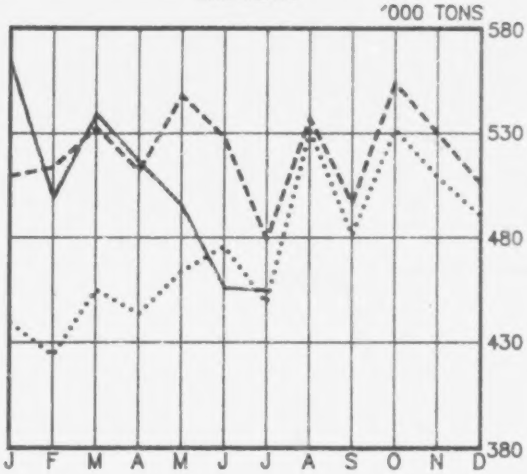
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



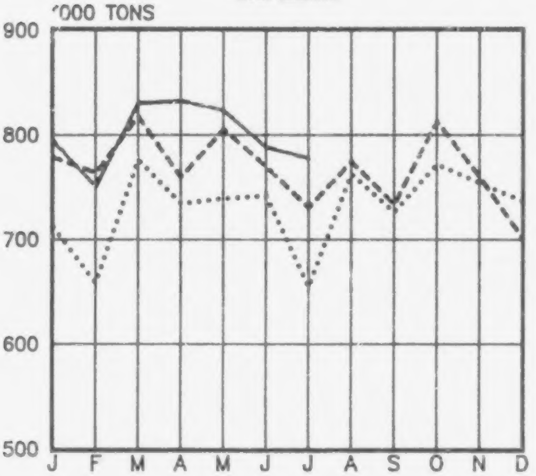
COATED PAPER

SHIPMENTS



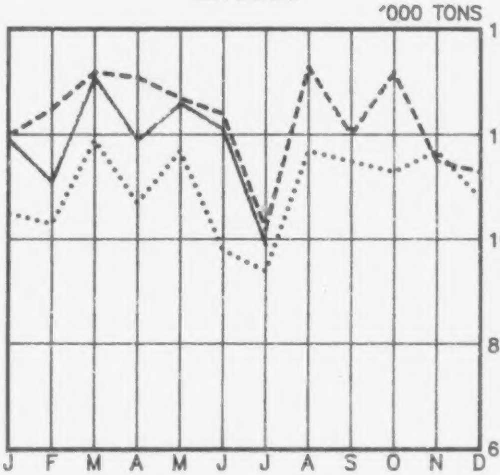
UNCOATED FREE SHEET PAPERS

SHIPMENTS



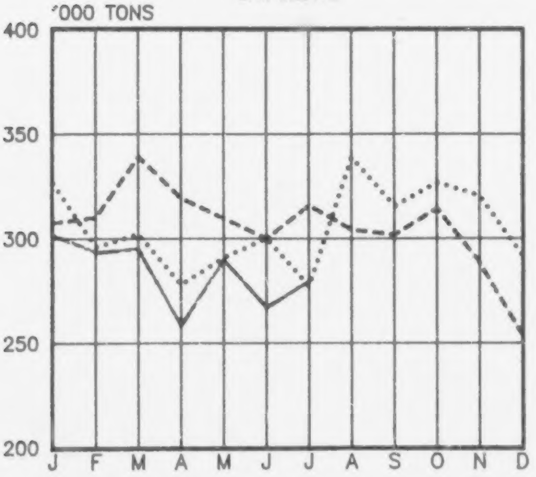
COTTON FIBER PAPER

SHIPMENTS



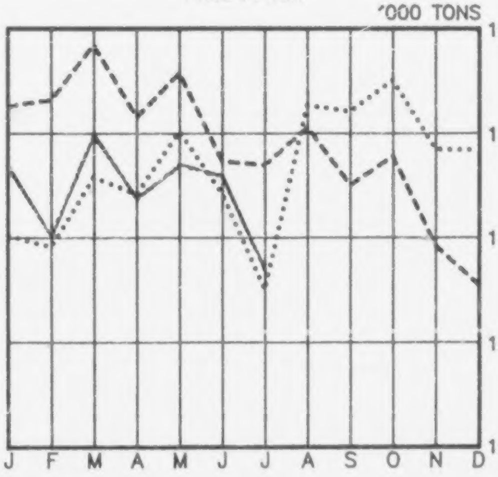
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1983 ········ 1984 - - - - -1985 ———

WOOD PULP STATISTICS
(Thousands of Tons)

		YEAR		MAR	APR	MAY	JUNE	Annual Rate Y-T-D	% Change from same Period
		1983	1984	1985	1985	1985	1985	1985	Last Year
TOTAL WOOD PULP						R	P		
Total Wood Pulp	- Production	52537	55548	4844	4394	4522	4442	54338	-3.1
	- Imports	4093	4490	460	335	380	384	4503	3.1
	- Exports	3644	3594	399	328	309	372	3861	4.8
	- New Supply	52986	56445	4905	4401	4594	4454	54980	-3.1
Dissolving Pulp	- Production	1261	1206	118	104	112	97	1271	0.0
	- Imports	192	161	21	7	13	10	158	0.6
	- Exports	647	595	89	59	46	80	733	14.2
	- New Supply	806	772	50	52	79	27	695	-11.5
Paper Grades Chemical Pulp	- Production	42358	44732	3893	3506	3618	3572	43623	-3.1
	- Imports	3706	4023	416	324	339	364	4152	5.2
	- Exports	2958	2945	306	267	262	291	3100	3.6
	- New Supply	43106	45810	4003	3562	3695	3644	44674	-2.8
Groundwood and Thermo-Mech.	- Production	5067	5509	484	451	441	428	5361	-4.2
	- Imports	195	306	23	4	27	10	194	-26.2
	- Exports	40	54	4	1	1	1	28	-46.7
	- New Supply	5222	5762	503	454	467	437	5527	-4.8
Semi-Chemical	- Production	3851	4100	349	333	352	346	4083	-2.2
	- Imports								
	- Exports			- - - - - Included in Groundwood Pulp - - - - -					
	- New Supply	3851	4100	349	333	352	346	4083	-2.2
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6478	6891	610	563	542	568	6899	1.3
	- Imports	2945	3256	263	195	258	216	2832	-10.7
	- Exports	3421	3511	364	333	352	376	3897	6.7
	- New Supply	6002	6635	509	425	448	408	5834	-7.8
Dissolving Pulp	- Production	1260	1197	118	104	112	97	1270	0.1
	- Imports	210	204	22	8	16	11	173	-15.1
	- Exports	698	690	75	58	70	78	743	1.3
	- New Supply	772	710	65	54	58	30	700	-5.2
Paper Grades Chemical Pulp	- Production	5206	5680	491	457	429	470	5617	1.6
	- Imports	2698	2952	238	186	223	201	2589	-10.7
	- Exports	2723	2821	289	275	281	298	3151	8.0
	- New Supply	5181	5812	439	368	371	373	5054	-8.2
Groundwood Pulp and All Other	- Production	12	13	1	1	0	1	12	-11.4
	- Imports	38	100	3	1	20	4	69	1.0
	- Exports	0	0	0	0	1	0	2	0.0
	- New Supply	49	113	5	2	20	5	80	-3.3

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

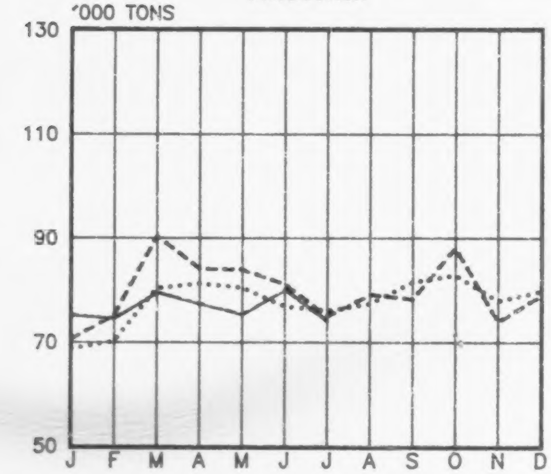
FIBROUS RAW MATERIALS
(Thousands of tons)

CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	66130	70679	6138	5584	5704	5626	68628	-3.8
Total Wood Pulp	51434	54664	4778	4339	4481	4358	53368	-3.4
Waste Paper	14696	16015	1360	1245	1223	1268	15260	-5.5
INVENTORIES								
Own Use Wood Pulp at Pulp Mills	170	174	191	165	175	190	190	17.0
Mkt Pulp at Pulp Mills (Paper Grades)	384	585	685	636	560	529	529	65.9
Mkt Pulp at Ppr. & Bd. Mills *	550	484	484	449	444	442	442	-30.0
Waste Paper at Paper &Bd. Mills	920	1025	977	994	970	985	985	13.3
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	26	50	46	36	32	36	36	44.0

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

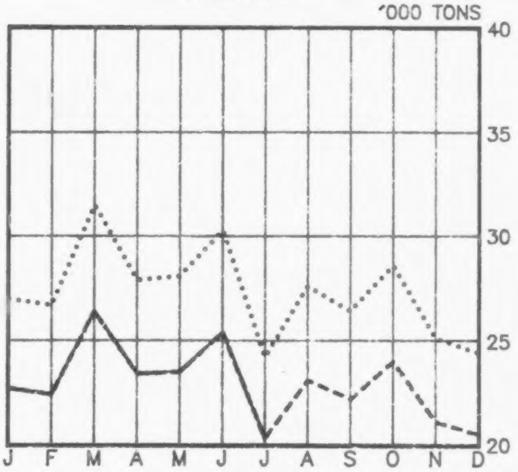
BLEACHED BRISTOLS

PRODUCTION



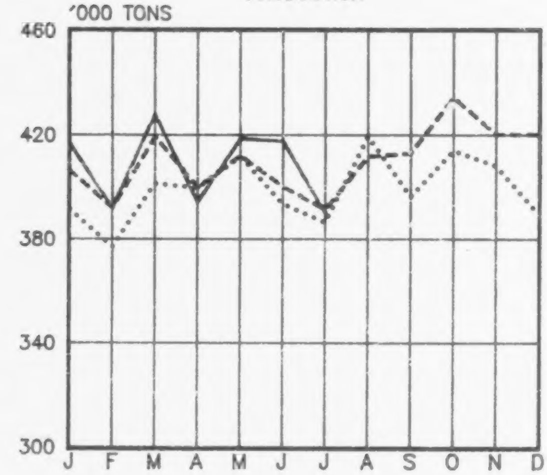
THIN PAPER

PRODUCTION



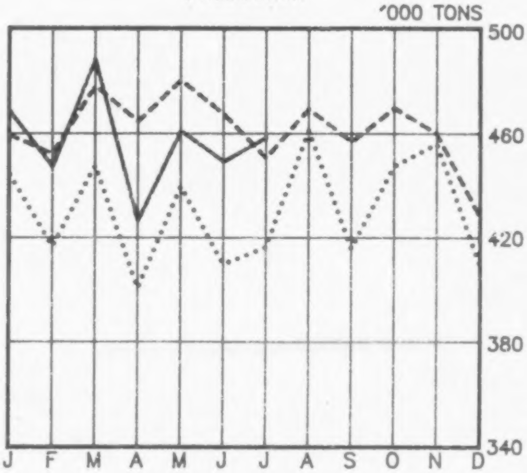
TISSUE PAPER

PRODUCTION



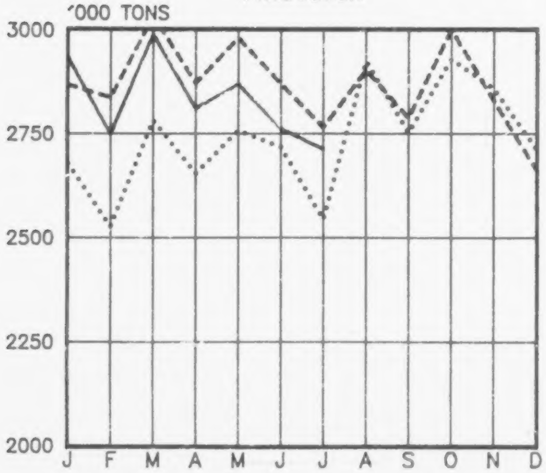
NEWSPRINT

PRODUCTION



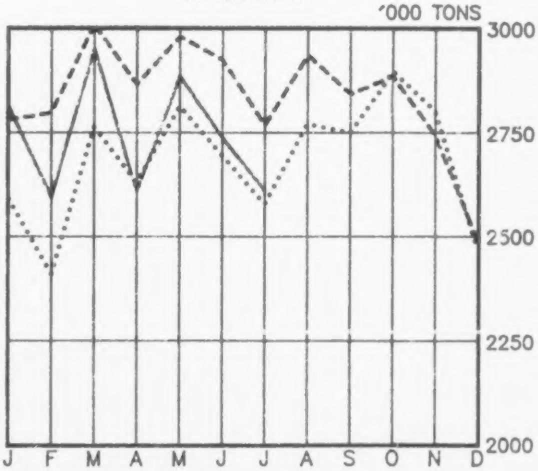
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1983 ········ 1984 - - - - -1985 ————

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic feet) Cords)

		YEAR 1983	YEAR 1984	MAR. 1985	APR. 1985	MAY 1985	JUNE 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
PULPWOOD							6918		
Total U.S.	- Total Receipts	84475	88876	7483	7009	6958	6918	85834	-3.3
	- Total Consumpt	85442	87646	7651	7148	7072	6943	86416	-2.2
	- Residues *	32755	32072	2654	2659	2592	2520	30514	-7.3
	- Inventories	5229	5574	5256	5136	4452	4925	4925	5.2
So. Atlantic	- Total Receipts	25736	27654	2396	2239	2178	2189	27336	3.6
	- Total Consumpt	25847	27344	2507	2284	2203	2252	27682	5.0
	- Residues *	7904	8198	692	623	624	629	7812	-4.4
	- Inventories	1163	1444	1312	1296	1195	1109	1109	2.7
Northeast	- Total Receipts	7051	7665	657	542	561	563	7442	-1.5
	- Total Consumpt	7274	7474	680	685	600	589	7728	-1.4
	- Residues *	1199	1501	144	142	142	141	1626	16.5
	- Inventories	577	590	640	490	442	442	442	17.9
South Central	- Total Receipts	29409	30693	2741	2556	2504	2461	30236	-1.8
	- Total Consumpt	29152	30502	2699	2435	2505	2514	30326	-0.3
	- Residues *	9218	9059	804	820	790	779	9378	4.2
	- Inventories	1536	1304	1063	1170	1200	1143	1143	-19.8
North Central	- Total Receipts	6265	6872	487	392	503	554	6458	-8.3
	- Total Consumpt	6343	6563	543	524	551	518	6390	-6.8
	- Residues *	1822	1472	120	108	112	109	1354	-12.2
	- Inventories	851	906	1019	879	833	854	854	4.0
West	- Total Receipts	16014	15992	1202	1280	1212	1151	14362	-15.0
	- Total Consumpt	16826	15763	1222	1220	1213	1070	14290	-15.4
	- Residues *	12612	11842	894	966	924	862	10344	-19.4
	- Inventories	1102	1330	1222	1301	1282	1377	1377	40.5

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 12-Aug-85

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

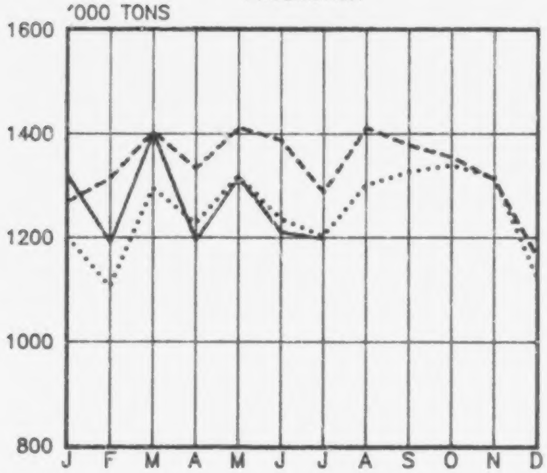
	YEAR 1984 Tons	YEAR 1984 $000's	MAY 1985 Tons	MAY 1985 $000's	JUNE 1985 Tons	JUNE 1985 $000's	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	207520	10591	41	2	969	100	36564	-77.2
Pulpwood chips	2061270	45353	76789	2417	43599	1386	874592	-65.1
Wood Pulp, Total	4059913	1678908	307495	104921	357819	124788	4096050	2.0
Waste Fibrous Materials, Total	151957	25187	14320	2765	11811	2088	161713	1.2
Paper, Board & Products, Total	9401285	4048656	822126	361824	803338	355979	9781766	8.0
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9330954	3927255	815677	352265	794766	343285	9702674	7.9
Paper, Paperboard & Products	8948073	3946084	782669	352263	762247	345757	9377139	8.4
Paper & Paperboard, Only	8877742	3824684	776220	342704	753675	333063	9298046	8.3
Paper, Total	8662094	3762205	762940	338900	739594	329156	9143779	9.5
Newsprint	7681341	3224596	683507	296415	666914	290112	8203524	9.8
Printing, Writing & Rel. Pap.	852879	457438	66943	35276	58604	30102	776418	3.0
Pack. & Ind. Conv. Paper	101131	59408	9005	4821	8395	5363	111063	4.4
Special Industrial Paper	3232	5437	144	262	328	609	3248	2.7
Tissue Paper	23512	15326	3342	2127	4752	2970	49526	217.5
Paperboard, Total	215648	62479	13279	3804	14082	3907	154268	-33.6
Convtd Paper&Paperbd Products	70331	121401	6449	9559	8572	12694	79093	21.8
Wet Machine Board	2098	1426	238	153	237	166	2110	-17.8
Construction Paper & Board	451113	101146	39219	9409	40854	10057	402517	-0.8

Pulpwood, Roundwood (in cords of 128 cubic feet)	95117	5698	6207	377	3697	198	39736	-45.3
Pulpwood chips	28445	1544	6199	301	6813	353	85266	136.7
Wood Pulp, Total	180850	82653	11389	4979	16098	6833	198604	18.5
Cotton Pulp & Other Pulp	10474	6605	547	372	487	272	10634	-5.8
Waste Paper	325712	37937	10595	1620	26696	2471	232442	-30.1
Paper, Board & Products, Total	756499	524570	67299	44586	61918	44621	752058	-5.7
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	569696	358082	53884	30729	47785	30593	587357	1.2
Paper, Paperboard & Products	726888	511454	65474	43552	59730	43589	727193	-5.0
Paper & Paperboard, Only	540085	344966	52059	29695	45597	29562	562491	2.5
Paper, Total	296791	245610	25972	19698	22345	20456	302600	-4.3
Newsprint	4493	3678	364	352	49	75	3203	-43.0
Printing, Writing & Rel. Pap.	137839	125802	12917	10528	11627	10437	155877	10.5
Pack. & Ind. Conv. Paper	46661	26918	3603	1981	4618	2382	49011	5.2
Special Industrial Paper	104039	85328	8910	6539	5677	7086	91613	-23.8
Tissue Paper	3758	3883	178	297	374	476	2896	6.7
Paperboard, Total	243294	99357	26087	9997	23252	9106	259892	11.8
Convtd Paper&Paperbd Products	186803	166488	13415	13857	14133	14028	164702	-24.1
Wet Machine Board	5312	3707	475	434	651	482	5570	0.4
Construction Paper & Board	24299	9409	1350	600	1538	550	19296	-26.8

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square feet data 12-Aug-85

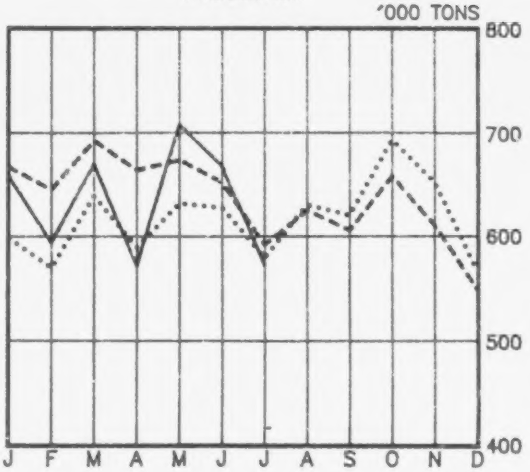
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



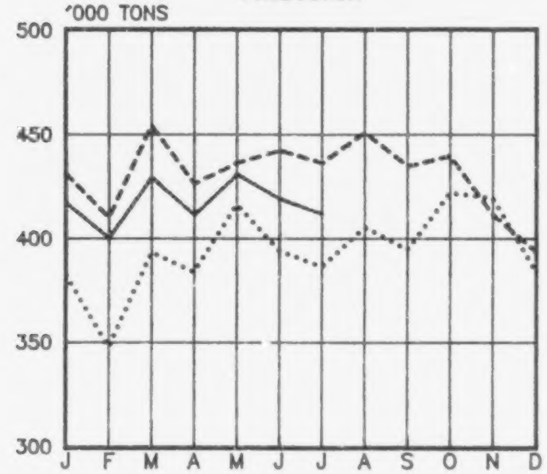
RECYCLED PAPERBOARD

PRODUCTION



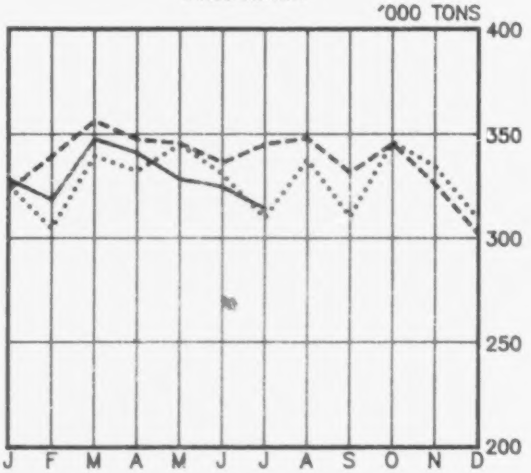
SEMICHEMICAL PAPERBOARD

PRODUCTION



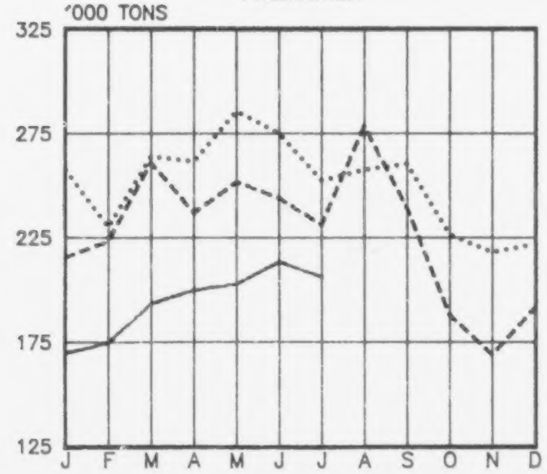
SOLID BLEACHED PAPERBOARD

PRODUCTION



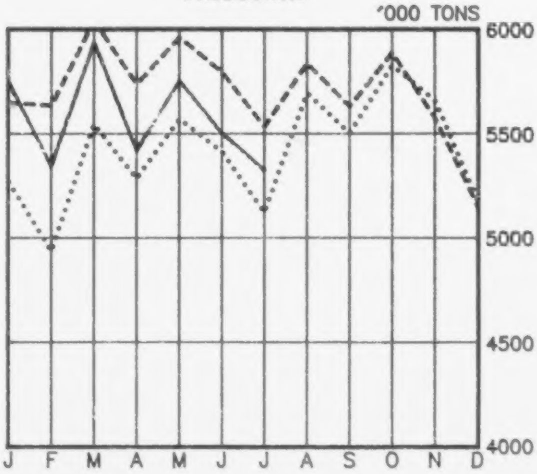
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1983 ········ 1984 - - - - -1985 ————

I M P O R T S

	YEAR 1984 Tons	$000	MAY 1985 Tons	$000	JUNE Tons	$000	(1) Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood Roundwood (cords)	207733	10615	9152	126	1969	116	56836	-64.5
Pulpwood Chips	2062545	45396	76789	2417	43635	1391	876010	-65.0
Total All Imports	15739471	7204351	1383841	609226	1330441	597095	16304309	6.7
Wood Pulp Total	4490081	1844768	380074	128639	383675	132636	4503482	3.1
Waste Paper	109712	11692	6583	753	6964	734	82540	-28.3
Other Fibrous Materials	64367	24697	9784	2939	6262	2199	100007	41.4
Paper Board & Products Total	11075312	5323794	987400	476895	933540	461526	11618280	8.3
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	10854312	4781475	966253	431739	906874	407655	11362855	8.0
Paper Ppbd & Prds ex Cnst&WMB	10575656	5207697	945064	466398	886697	449205	11160089	8.6
Paper & Paperboard Only	10354656	4665378	923917	421242	860030	395334	10904664	8.3
Paper Total	10112041	4591486	908105	416560	845504	391138	10724124	9.2
Newsprint	7893877	3299570	719738	310848	692843	300175	8545402	11.2
Printing & Writing	2042368	1168989	173265	94610	132238	76729	1961859	0.3
Uncoated Groundwood	1090049	548791	98806	48085	65267	34210	1044993	0.2
Coated Print.& Impreg. Pap.	428274	295844	37550	27196	34880	25220	556376	68.5
Uncoated Free Sheet	476950	284057	34209	17227	30013	15306	333509	-36.7
Uncoated Book	254926	156296	23218	11274	16946	8216	180893	-33.1
Writing and Similar Paper	222024	127761	10992	5953	13067	7090	152616	-40.6
Thin (except Cigarette)	46427	39513	2605	1998	1984	1863	25991	-53.4
Bristols	667	784	94	104	94	131	990	52.8
Total Pkg & Other Paper	145484	102565	12670	8658	13675	10003	160802	0.3
Unbleached Kraft Paper	42854	19568	3605	1471	3238	1293	45788	-7.3
Other Pkg. & Indust. Paper	102629	82997	9066	7387	10437	8710	115014	3.6
Tissue	30312	20362	3431	2244	6748	4231	56061	194.9
Paperboard, Total	242615	73892	14812	4683	14527	4197	180540	-28.4
Test or Containerboard	70028	22218	4037	1306	4703	1622	53195	-27.5
Semi-Chemical Corrugating	103968	26098	6798	1714	6348	1314	63444	-42.4
Other Paperboard	68620	25576	3977	1663	3476	1260	63901	-7.0
Convtd Paper&Paperbd Products	221000	542319	21147	45156	26667	53871	255425	25.4
Paper Products, Total	186199	474151	19493	41687	24413	48693	230767	32.4
Paperboard Products, Total	34800	68168	1654	3468	2254	5178	24657	-16.0
Wet machine Board	2826	2017	345	227	297	222	3241	-2.2
Construction Paper & Board	496830	114080	41991	10269	46547	12099	454950	1.6
Notes								
Other: No Weight Avail. ($000)		195737		19240		19803	209789	13.5
Total Imports Incl. Other($000)		7400088		628466		616897	7570972	7.8

E X P O R T S

							(1)	
Pulpwood, Roundwood (cords)	95441	5714	6410	386	3869	206	40486	-44.8
Pulpwood Chips	2325213	164058	151063	11583	210307	15823	2283690	-2.5
Total All Exports	11300450	4524778	831484	317076	1077736	369652	11354073	-0.7
Wood Pulp,Total	3593585	1501948	308724	109798	371968	130126	3861034	4.8
Cotton Pulp and Other Pulp	84883	63545	5094	4724	10059	6755	92162	1.1
Waste and Old Paper	3235441	408128	215027	22220	321861	33301	3333770	7.9
Paper, Board & Products,Total	4386541	2551157	302639	180334	373848	199470	4067107	-10.9
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3818804	1789129	260526	121225	332713	142585	3544678	-10.4
Paper, Ppbd & Prod ex Cnst&WMB	4308873	2507184	296550	177010	369240	196999	3999704	-10.7
Paper & Paperboard, Only	3741136	1745156	254438	117901	328105	140115	3477275	-10.2
Paper, Total	810547	632490	60136	45264	65483	50564	816330	-1.7
Newsprint	306198	133964	22252	9087	25352	9916	324378	3.8
Printing & Writing	203156	219922	16760	16715	16734	17091	215415	2.8
Uncoated Groundwood	30405	28875	2367	2155	3653	3180	38961	29.8
Clay Coated Paper	85714	71365	6530	5416	5783	6112	81336	-11.8
Uncoated Free Sheet	65410	87255	5414	6699	5112	5026	73571	10.0
Other Printing & Writing	21627	32427	2449	2445	2185	2773	21546	5.6
Total Pkg. & Other Paper	284185	259323	20187	17812	22288	22211	254130	-12.6
Unbleached Kraft	106712	44382	5844	2454	7439	3198	71870	-33.1
Other Pkg. & Indust. Paper	177473	214941	14343	15358	14849	19013	182260	-0.5
Tissue	17009	19281	937	1649	1109	1346	22407	23.9
Paperboard, Total	2930588	1112666	194302	72637	262622	89551	2660946	-12.5
Solid Wood Pulp	2761732	1040239	171373	64181	245672	82599	2438845	-15.6
Total Linerboard	2058034	628531	112692	30631	180716	46140	1726156	-18.9
Bleached Kraft Linerboard	141367	57788	6647	1834	10447	3043	116901	-7.0
Unbleached Kraft Linerbd	1916667	570743	106045	28797	170269	43097	1609255	-19.7
Other Unbleached Kraft	110878	51270	7860	3233	15917	6288	107009	-15.9
Other Bleached Kraft	543209	348218	46657	29178	44877	28933	547434	-7.0
Semi-Chemical Corrugating	49612	12220	4163	1138	4162	1237	58246	36.7
Recycled Paperboard	168856	72427	22929	8457	16951	6952	222100	44.8
Convtd Paper&Paperbd Products	567737	762028	42113	59109	41135	56884	522429	-14.2
Paper Products, Total	286403	516149	20868	41757	19668	39799	252913	-21.5
Paperboard Products, Total	281334	245879	21244	17352	21468	17085	269516	-5.9
Wet Machine Board	13782	7335	1461	763	1263	684	13909	1.5
Construction Paper & Board E	63887	36638	4628	2561	3344	1786	53494	-23.7
Notes								
Other: No Weight Avail. ($000)		8841		579		484	6644	-13.7
Total Exports Incl. Other($000)		4533621		317655		370135	4214756	-8.2

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1983	1984	APR.	MAY	JUNE	JULY	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	271.4	292.9	294.3	293.3	292.9	291.9	294.7	1.9
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	273.3	293.8	296.7	295.8	295.5	294.5	297.0	2.4
Total Wood Pulp	347.1	395.0	347.9	342.4	346.1	345.5	355.4	-8.9
Total Paper	282.3	303.2	303.6	304.6	304.7	304.0	304.6	1.5
Total Paper, exc. Newsprint	277.0	301.2	297.9	300.1	300.1	300.2	299.9	0.1
Newsprint	303.0	324.1	332.6	332.9	333.7	333.0	333.4	5.3
Total Paperboard	250.8	280.6	284.0	282.1	276.1	273.2	282.5	3.2
Total Paper and Paperboard *	272.4	296.1	297.5	297.5	295.8	294.3	297.7	2.0
Converted Products	265.4	280.7	290.0	288.8	289.0	288.3	289.5	4.5
Waste Paper	158.6	240.1	154.4	144.0	141.6	141.6	162.2	-33.8
All Commodities	303.1	310.4	309.3	309.9	309.5	309.0	309.3	-0.4
Industrial Commodities	315.7	322.6	323.8	325.3	325.2	324.3	323.8	0.5

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API 21-Aug-85

PLANT AND EQUIPMENT EXPENDITURES

The following table shows data on new plant and equipment by paper companies and all manufacturing companies for the 1983-1985 period as reported by the Department of Commerce.

The table shows that paper companies are spending a record high $8.04 billion in 1985, 12% more than in 1984 and 36% above the 1983 total. The comparable figures for all manufacturing companies show a 13% gain from 1984 to 1985 and a 34.% gain from 1983 to 1985.

The table also shows the data in constant (1972) dollars. On this basis, the gain in paper company expenditures from 1984 to 1985 was 7%; from 1983 to 1985 27%. These trends indicate that rate of increase of unit costs of plant and equipment for paper companies has been sharply reduced from the the steep increases evident only a few years ago.

NEW PLANT AND EQUIPMENT EXPENDITURES IN CURRENT AND CONSTANT DOLLARS
(BILLIONS OF DOLLARS; QUARTERLY DATA AT ANNUAL RATES)

		MANUFACTURING		PAPER AND ALLIED PRODUCTS	
		CURRENT	CONSTANT	CURRENT	CONSTANT
1983		116.20	53.67	5.92	2.87
1984		138.38	64.06	7.15	3.40
1985	Q I	145.65	66.37	7.76	3.62
	II	155.55	70.50	8.03	*
	III	160.79	72.36	8.10	*
	IV	161.93	72.74	8.28	*
1985	AVG.	155.98	70.49	8.04	3.65 E

* - Not Available. E - Estimated by A.P.I.

3.2% above its comparable 1984 level. The major strengths in the markets for these papers were in business forms (which include the important computer printout papers) and office reprographics (which include copy papers). Shipments to the important commercial printing market were only modestly above year-ago levels.

Imports of uncoated free sheet papers, which had climbed to an unprecedented 477,000 tons in 1984, declined in 1985. The first half 1985 rate was 334,000 tons per year, 37% below the comparable year-ago rate. Domestic uncoated free sheet capacity showed sizable increases during the past 12 months, which probably reduced the need for imports.

Demand for coated papers, which had been in one of the strongest uptrends in the paper industry, eased in 1985. Shipments declined slightly during the second quarter of the year, with the January-July total down 2.8% from its year-ago level. Although imports of coated papers in the entire first half of 1985 were at an annual rate of 556,000 tons, 68% above the first half 1984 rate, the gain was concentrated in the first quarter. Second quarter 1985 imports of coated papers totaled 113,000 tons, compared to 165,000 tons in the first quarter.

Shipments of groundwood papers have followed a weaker trend: their 1.44 million tons per year rate for the first 7 months of 1985 was 10.6% below that of a year-ago. There was some shift to uncoated free sheet papers in the important "other periodical" markets, and shipments to commercial printers declined. Business forms and other converters also reduced their purchases of groundwood papers in this period.

Imports, as noted in earlier reports, have become a major part of the new supply of groundwood papers. The first half 1985 rate of imports was one million tons per year, but this just matched the year-ago rate.

Demand for the packaging grades of paper has been well below its 1984 level so far this year. The 7-month total showed a 9.9% decline, with both unbleached kraft papers and other papers showing declines close to that average. In the kraft paper grades the declines were spread throughout the grade structure, with grocers bag and sack papers showing a decline somewhat below the average.

Tissue paper production is continuing to increase, rising 1.3% over its year-ago rate in the first 7 months of 1985. While imports of these papers are small compared to the 4.9 million tons per year of domestic production, the 56,000 tons per year rate of tissue paper imports in the first half of 1985 was nearly 3 times that of one year-ago.

PAPERBOARD

Although average paperboard production (after adjustment for seasonals) remained flat during the May-July period at 32.6 million tons per year, it was significantly better than April in output. The January-July total was 4.6% below its year-ago

Continued from Page 11

level. Seasonally adjusted, the 7-month 1985 rate was 32.6 million tons per year, compared to 34.0 million tons for all of 1984.

The largest decline was evident in unbleached kraft linerboard. At 15.1 million tons per year, the January-July 1985 production rate was down 6.1% from its year-ago rate. Much of this decline can be traced to the 23.4% decline in production of kraft paperboard for export. This was nearly 400,000 tons below the average 1984 rate and nearly 600,000 tons per year below the 1983 total, freeing that much supply for the domestic market.

Production of semichemical paperboard showed a 24% gain in production for export, with its January-July 1985 rate reaching 174,000 tons per year out of the 5 million tons per year rate of total production.

Production of containerboard for domestic use (the sum of kraft linerboard and semichemical paperboard plus some recycled paperboard) was at the rate of 20.2 million tons per year, 3.9% below its year-ago level. Shipments of fibre boxes, at 268 billion square feet per year, were 2.1% below their year-ago rate. Inventories of containerboard at mills and plants were equivalent to 7.6 weeks of supply at the end of July (see Industry Fact Sheet for the tonnage data); this ratio has fluctuated about this level since about February.

The table on page 3 presents the trends of the other grades of paperboard. It shows that exports of solid bleached paperboard were down 8% from year-ago levels, reflecting lows in February and July. In the other months of this year, the rate of production for export held at the average of all of 1984.

August 31, 1985

	Full Year		INDUSTRY DATA 1985			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1983	1984	May	June	July	1985	
Total Production (API).......: excluding :...	65000	68457	5756	5500	5324	66911	-3.3
Total Seasonally Adjusted....:construction:...			5522	5531	5579	66701	-2.9
Imports (including Products).: and wet :..E	8509	10576	945	887	N.A.	11110	5.8
Exports (including Products).: machine :..E	4501	4309	297	369	N.A.	4029	-10.0
Apparent Consumption.........: grades :...	69008 a	74724 b	6171	6049	6129	73782 c	-1.2
Paper Production % Tonnage Capacity...........	92.0 g	93.4 g	89.0	88.6	83.4	90.8 gh	-
Paperboard Production % Tonnage Capacity......	90.8 g	94.8 g	89.1	90.8	82.9	90.8 g	-
			April	May	June		
IMPORTS.....:Including Construction and :...	8985	11075	979	987	934	11618	8.3
EXPORTS.....: WMB Grades (excl. HPB) :...	4568	4387	356	303	374	4066	-10.9
MARKET WOOD PULP PRODUCTION - Tons (000).........	6478	6891	563	542	568	6900	1.3
TOTAL WOOD PULP PRODUCTION - Tons (000)..........	52537	55548	4394	4522	4442	54331	-3.1
WOOD PULP IMPORTS - TONS (000)...................	4093	4490	335	380	384	4504	3.1
WOOD PULP EXPORTS - TONS (000)...................	3644	3594	328	309	372	3862	4.8
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			April	May	June		
Wood Pulp.............:consumption for:.....	51434	54664	4339	4481	4358	53368	-3.4
Waste Paper...........:construction & :.....	14696	16015	1245	1223	1268	15259	-5.5
TOTAL..........: WMB grades :.....	66130	70679	5584	5704	5626	68628	-3.8
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	83608	87646	7148	7072	6943	86416	-2.2
EMPLOYMENT (000)			May	June	July		
Paper and Allied Products..........Total......	661.6	682.3	680.5	690.0	684.7	681.4	0.2
Pulp, Paper and Board Mills........Total.....E	258.2	263.9	257.6	259.5	257.4	259.4	-1.6
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	9.94	10.44	10.75	10.77	10.90	10.73	3.9
Pulp, Paper Mills.........................E	11.70	12.45	12.94	13.11	13.19	12.93	5.5
Paperboard Mills..........................E	12.11	12.99	13.59	13.50	13.73	13.43	5.0
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1984 Q3	1984 Q4	1985 Q1		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	5.92	7.15	7.33	7.99	7.58	7.83y	9.5
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			May	June	July		
:IN PULP, PAPER :...Production Workers..........	118.0	120.0	123.2	118.3	116.0	120.0	0.9
:AND BOARD MILLS:...All Employees..............	116.	118.8	121.9	117.3	114.8	118.4	.0
PAPER AND ALLIED PRODUCTS (Million $)			April	May	June		
Industry Shipments (Dept. of Commerce)*........	85662	95990	8029	8190	8131	97294	2.8
Pulp, Paper and Paperboard*..................	36346	41539	3534	3436	3369	41728	1.4
Inventories (End of Period) - Total Industry*..	8729	9701	9782	9690	9678	9678	3.5
Pulp, Paper and Paperboard*..................	3263	3662	3742	3723	3774	3774	8.4
			1984 Q3	1984 Q4	1985 Q1		
Sales (Corporations Only)......................	65008	71891	18096	17642	17797	71188	1.9
Earnings (Corporations Only)...................	2327	3015	951	493	718	2872	14.1
Depreciation (Corporations Only)...............	2607	2798	706	700	765	3060	10.4
Net Worth (Corporations Only)..................	27219	28160	28806	28160	29241	29241	5.9
PRICE INDEXES (Bureau of Labor Stats)1967=100			May	June	July		
Pulp, Paper & Products, ex. Building Grades....	271.4	292.9	293.3	292.9	291.9	294.7	1.9
Wood Pulp......................................	347.1	395.0	342.4	346.1	345.5	355.4	-8.9
Waste Paper....................................	N.A.	240 !	144.0	141.6	141.6	162.2	-33.8
Paper..	282.3	303.2	304.6	304.7	304.0	304.6	1.5
Paperboard.....................................	250.8	280.6	282.1	276.2	273.2	282.6	3.3
PAPER DEMAND (INDEXED: 1967=100)			May	June	July		
Total Paper Production *.......................	157.0	164.3	159.7	161.8	164.3	162.7	-1.6
Paper New Supply *.............................	147.2	160.0	160.1	158.9	162.2	161.3	0.6
Total End - Use Index *......................	157.8	172.5	181.4	180.9	181.7	178.6	4.7
Production of Nondurable Goods *.‡.(19%)...	168.0	179.4	180.5	181.1	181.9	179.9	0.6
Disposable Income (Constant $) *...(23%)...	163.4	174.6	182.5	177.2	177.7	178.1	2.9
Total Printing and Publishing *.‡.(58%)...	152.3	169.4	181.2	182.3	183.2	178.4	6.8
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
PAPERBOARD DEMAND (INDEXED: 1967=100)							
Total Paperboard Production *.................	1 1.2	148.9	143.9	142.5	142.8	143.1	-4.1
Production for Domestic Use	135.5	145.4	149.5	140.7	134.0	142.1	-3.4
Total End - Use Index *....................	148.9	161.6	163.6	163.7	164.4	163.3	1.4
Production of Consumer Goods *.‡.(60.49%)	151.8	161.6	164.1	164.4	165.2	163.4	1.3
Production of Equipment *.‡.(6.62%)	140.8	164.0	174.9	175.7	174.9	173.9	9.0
Production of Materials *.‡.(32.89%)	145.2	161.1	160.3	159.9	160.7	160.8	.0
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
NEWSPRINT MARKETS			April	May	June		
Consumption by Publishers - Tons (000).........	11671	12612	1054.9	1112.2	1052.7	12487	1.9
Newspaper Pub. and Printing Empl. Total(000)...	421.6	443.0	449.6	451.6	454.0	450.3	2.7
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)...........	10135	11761	14186	13306	12322	148686	-1.6
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	22776	26532	2900	2934	2769	33858	9.4
Inventories (End of Period).	1885	2341	2984	2934	3005	3005	18.8
FIBRE BOX DATA (Fibre Box Association)			May	June	July		
Fibre Box Shipments (Million square feet).......	252539	267549	22316	21295	22025	262522	-2.1
Container'bd Inventory at Mill & Plant(000Tons).	2437	2882	2945	2838	2826	2826	2.1
RETAIL TRADE (Million $)			April	May	June		
Total Retail Sales *...........................	1171915	1291835	115351	114884	113278	1163031	5.8
Nondurable Goods Stores Sales *...............	793398	841417	72419	72095	71562	734637	2.6
GENERAL ECONOMIC DATA			May	June	July		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1967 = 100)*.‡	147.6	163.3	166.2	166.5	166.93	166.0	2.4
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	303.1	310.4	309.9	309.5	309.0	309.3	-0.4
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	298.4	311.1	321.3	322.3	322.8	319.8	3.6
			April	May	June		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	387.9	461.0	479.9	488.7	497.4	497.4	16.3
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1984 Q4	1985 Q1	1985 Q2		
G.N.P. or Expenditure - Current $..............	3304.8	3662.8	3758.7	3810.6	3855.1	3832.9	7.9
G.N.P. or Expenditure - 1972 $.................	1534.7	1639.3	1662.4	1563.5	1671.6	1667.6	3.5

lb/capita

	Pap&Papbd		Othr		Totl	Popul(mil)
.a -	589	+	18	=	607	234.2
.b -	621	+	18	=	649	234.9
.c -	627	+	18	=	645	234.9

.E - Last month estimated by API
.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
P - Preliminary
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted
‡ June data estimated from published F.R.B. reports.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

August 31, 1985

	PRODUCTION (000 TONS)					
	July 85	June 85	July 84	Jan. - July 85	Jan. - July 84	% Change 85/84
PAPER GRADES	P	R				
Newsprint	459	449	451	3200	3254	-1.6
Printing & Writing	1451	1476	1453	10745	10799	-0.5
Uncoated Groundwood (s)	114	114	138	840	939	-10.6
Coated Paper (s)	455	456	479	3525	3625	-2.8
Uncoated Free Sheet Paper (s)	778	788	730	5597	5425	3.2
Thin Paper (s)	20	25	20	164	164	0.0
Cotton Fiber Paper (s)	10	12	10	83	86	-4.0
Bleached Bristols (s)	74	80	75	537	561	-4.3
Tissue Paper	390	418	391	2857	2821	1.3
Total Pkg & Other Paper	414	419	470	3026	3355	-9.8
Unbleached Kraft Packaging & Indl. Converting (s)	280	267	316	1985	2203	-9.9
Other Paper *	134	152	154	1041	1153	-9.7
TOTAL PAPER	2713	2762	2765	19829	20229	-2.0
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1311	1326	1394	9536	10116	-5.7
Unbleached Kraft Linerboard	1199	1211	1287	8836	9411	-6.1
Other Unbl. Kraft Paperboard	113	115	107	700	704	-0.6
Semichemical Paperboard	412	419	436	2921	3037	-3.8
Bleached Paperboard	314	325	345	2302	2394	-3.8
Recycled Paperboard	573	668	592	4444	4588	-3.1
TOTAL PAPERBOARD	2611	2738	2768	19203	20135	-4.6
TOTAL PAPER AND PAPERBOARD	5324	5500	5533	39032	40364	-3.3

WOOD PULP (ALL GRADES)	June 85	May 85	June 84	Jan. - June 85	Jan. - June 84	% Change 85/84
Dissolving & Special Alpha	97	112	100	635	635	0.0
Bleached Sulfite	108	120	120	697	704	-1.0
Unbleached Sulfite	15	16	25	111	146	-24.3
Bleached & Semi-Bl. Sulfate	1871	1818	1829	11267	11133	1.2
Unbleached Sulfate	1577	1664	1787	9737	10522	-7.5
Semichemical	346	352	354	2042	2087	-2.2
Groundwood & Thermomechanical	428	441	480	2681	2797	-4.2
TOTAL PULP DIVISION DATA	4442	4522	4694	27169	28025	-3.1

(s) - Shipments
P - Preliminary
R - Revised

A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 63 - No. 9 September, 1985

PAPER AND PAPERBOARD: THIRD QUARTER 1985

Economic Trends

The "flash report" of the Department of Commerce showed that total economic activity, as measured by the real gross national product (real GNP), rose at the rate of 2.8% per year in the third quarter of 1985. If sustained, this rate of growth marks an improvement over the 1.1% per year growth rate of the first half of 1985, and would be in line with the estimated long-term growth rate of the economy.

The third quarter 1985 real GNP is estimated to be only 2.3% above its year-earlier level. This rate, although better than that of the first half, is below the 4.8% per year rate obtained during the strong cyclical upswing that started in the fourth quarter of 1982 and continued through the third quarter of 1984.

These trends are shown in the third line of the chart on page 10. That chart also shows the trends of paper and paperboard production and new supply along with real GNP, on an annual basis for the 1976-1982 period, and on a quarterly basis (at annual rate) for the subsequent periods.

The relatively steep uptrend in real GNP for the 1976-1978 period, when growth averaged 5.2% per year, reflected the cyclical recovery that started in the third quarter of 1975. The flatter trend from 1979 to 1982 shows the impact of the back-to-back recessions of 1980 and 1982.

This chart also highlights the close relationship between the new supply of paper and paperboard, and real GNP. The top line shows the pattern of new supply. Because the chart uses ratio scales, all the trends shown are directly comparable in terms of percentage growth rates. The second line on the chart plots paper and paperboard production.

The bottom line represents the ratio between new supply and real GNP. The parallel movement of new supply and real GNP in the 1976-1979 period are reflected in the flat trend of the ratio in that period. During the recessions of 1980-1982 new supply lost ground relative to real GNP and the ratios moved down. In the 1983-1984 recovery, paper and paperboard demand grew faster than real GNP and not only recovered the ground lost in the previous recessions, but, moved to a higher level.

continued on page 2

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continued from page 1

This additional strength, however, appears to reflect a build-up in inventories of paper and allied products by many end users. The slower real GNP growth was accompanied by a reduction in the new supply of paper and paperboard as users began to reduce excess inventories.

The chart also highlights the effect on new supply of expanded paper and paperboard imports and the reduced exports evident since mid-1983. This is reflected in the steeper growth of new supply relative to production and the widening spread between these two trends.

Most of the increase in net imports that occurred since 1982 can be traced to the effects of the high value of the U.S. dollar in international markets although, as noted in the August issue of this report, there were some grades in which the increase in imports in early 1984 reflected the effects of the prevailing capacity/demand ratios. Nonetheless, the recent reductions in the trade-weighted value of the U.S. dollar will be followed after awhile by reduced imports and increased exports.

Paper and Paperboard Production by Grade: January-August 1985

Paper: Preliminary data indicate that the trend position of total paper production (two-months moving average of the seasonally adjusted data) in the third quarter of 1985 moved above the 34 million tons per year rate, gaining 2% from the second quarter low. On the basis of complete grade-by-grade data for the January-August 1985 period, as presented on the table on page 3, the seasonally adjusted rate of production in that period averaged 34.1 million tons per year, 1.2% below its year-ago rate but still within 1% of the record high annual rate of 34.4 million tons attained in 1984.

Shipments of two of the major paper grades, namely, uncoated free sheet papers and tissue papers, showed gains over their corresponding year-ago rates in the January-August 1985 period. Imports of uncoated free sheet papers in the first seven months of 1985 declined by 35% from their comparable year-ago level, while exports strengthened slightly (see page 9).

Some weakness was evident in coated paper shipments to magazine publishers and commercial printers in the January-August 1985 period, bringing total coated paper shipments from U.S. mills 3.1% below their comparable year-ago level. Total demand for coated papers had been particularly strong in 1983 and 1984, resulting in an increase in imports to a level that accounted for 6.5% of the total new supply in 1984. The decline in shipments of coated papers from United States mills in 1985 was partially offset by a gain of 43% in imports, which grew to 8.2% of the total new supply in the January-July period. The 1985 year-to-date new supply rate is estimated at 1.2% below the 1984 new supply total. Shipments from U.S. mills, however, declined 2.1% during those months.

continued on page 11

PAPER AND PAPERBOARD STATISTICS

PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

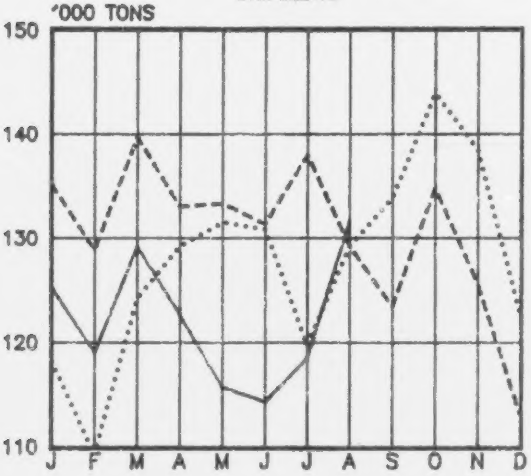
	YEAR 1983	YEAR 1984	MAY 1985	JUNE 1985	JULY 1985	AUG. 1985	Annual Rate Y-T-D 1985	% Change From same Period Last Year
PAPER								
Newsprint - Production	5167	5539	461	449	458	456	5484	-1.8
- Shipments	5153	5584	452	448	445	454	5441	-3.7
Printing & Writing sum	17370	18403	1546	1476	1480	1575	18522	-0.1
Groundwood Paper - Shipments	1531	1565	116	114	119	132	1464	-8.6
- New Orders	1581	1575	121	142	133	138	1495	-8.6
-Unfilled Orders	145	140	93	121	138	142	142	-8.3
Coated Papers - Shipments	5716	6249	496	456	470	492	6049	-3.1
- New Orders	5864	6281	464	492	452	456	5773	-8.1
- Unfilled Orders	513	575	410	442	423	389	389	-28.9
Unctd Free Sheet - Shipments	8780	9207	824	788	789	840	9672	4.0
- New Orders	9076	8939	827	771	752	820	9652	7.9
- Unfilled Orders	687	430	500	479	436	426	426	-32.5
Thin Papers - Shipments	280	275	24	25	20	23	281	0.0
Cotton Fiber Paper - Shipments	133	147	13	12	10	12	142	-4.4
Bleached Bristols - Production	931	959	75	80	72	76	915	-4.7
Tissue Paper - Production	4789	4920	419	416	407	427	4949	2.1
Total Packaging & Other Paper	5497	5555	444	419	413	441	5200	-9.3
Unbl. Kraft Paper - Shipments	3666	3666	290	267	280	282	3400	-9.6
Other Paper - Production	1832	1889	154	152	133	159	1800	-8.7
TOTAL PAPER-Production-Unadj. *	32823	34417	2870	2760	2759	2899	34156	-1.6
-Production-S.A. *			2786	2820	2912	2820	34096	-1.2
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	24779	26403	2178	2070	2049	2225	25494	-4.8
Unbl. Kraft Linerboard (1)	15001	16037	1316	1211	1202	1304	15216	-6.3
Production for Export	2281	2086	149	157	153	164	1728	-23.8
Other Unbl. Kraft Paperboard	1121	1149	102	115	113	109	1214	0.6
Semichemical Paperboard	4731	5169	431	419	412	460	5072	-3.1
Production for Export	193	149	12	15	22	20	182	22.5
Solid Bleached Paperboard	3926	4048	328	325	321	352	3992	-3.0
Production for Export	515	478	41	40	35	31	450	-7.5
Recycled Paperboard	7398	7637	708	668	573	672	7674	-1.9
Production for Export	24	17	1	1	1	1	15	8.7
TOTAL PAPERBOARD-Prod.-Unadj. *	32177	34039	2886	2738	2622	2897	33168	-4.2
- Containerboard Prod.(Dom. Use)	19173	20993	1748	1620	1596	1757	20332	-3.5
- Boxboard Prod.(Dom. Use) (2)	5551	5783	462	512	383	512	5726	-2.0
- All Other P'bd Prod.(D.U.) (2)	4441	4531	473	392	380	413	4657	-2.5
- Total Paperbd Prod. for Export	3012	2731	203	214	212	216	2374	-18.6
TOTAL PAPERBOARD PROD.- S.A. *			2736	2709	2726	2810	32796	-3.7
TOTAL PAPER AND PAPERBOARD								
Production - actual *	65000	68457	5756	5498	5380	5796	67323	-2.9
Production - S.A. *			5522	5529	5638	5629	66892	-2.5

(1) Includes all exports of kraft paperboard.
(2) Data for unbl. kraft folding boxboard incl. in All Other P'bd.
* NOTE: Year 1984 contains one more day than year 1983.

P Preliminary
R Revised
S.A. Seasonally Adjusted

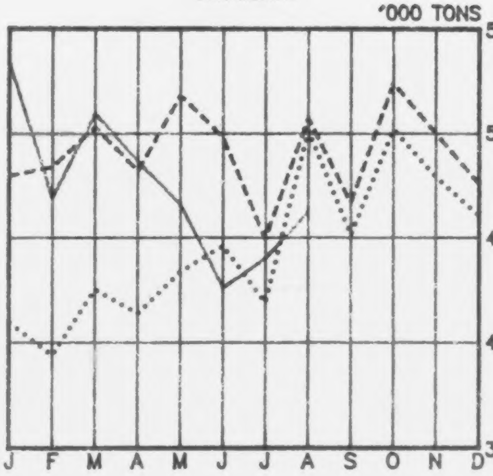
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



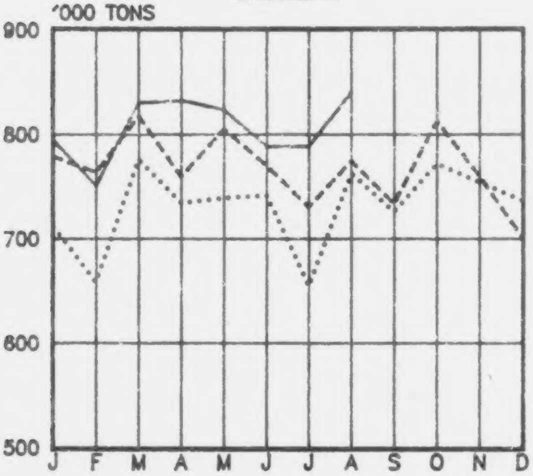
COATED PAPER

SHIPMENTS



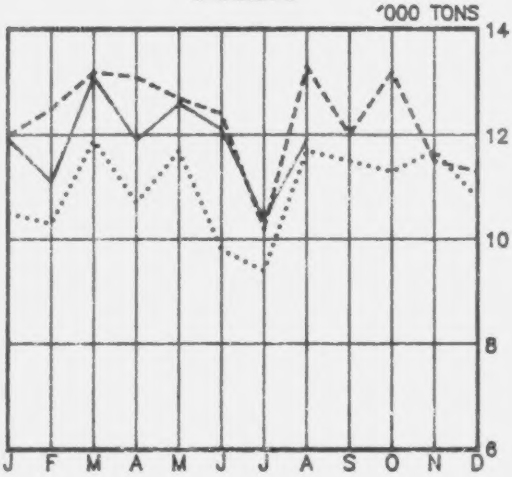
UNCOATED FREE SHEET PAPERS

SHIPMENTS



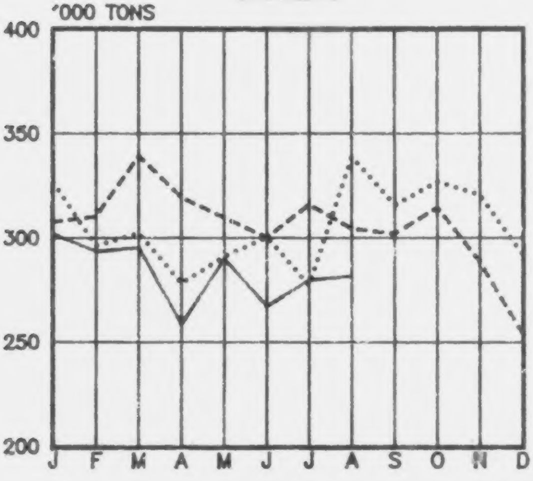
COTTON FIBER PAPER

SHIPMENTS



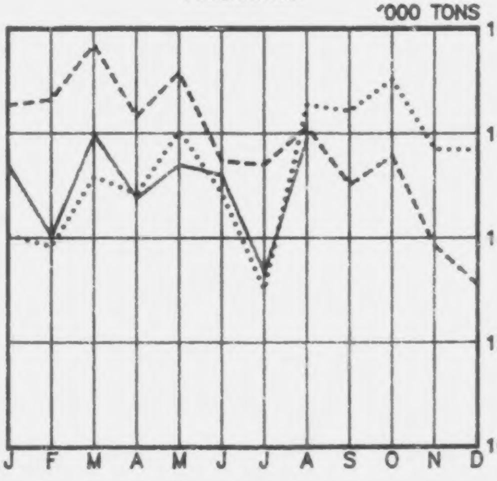
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1983 ········ 1984 - - - - -1985 ————

WOOD PULP STATISTICS
(Thousands of Tons)

		YEAR 1983	YEAR 1984	APR 1985	MAY 1985	JUNE 1985	JULY 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
TOTAL WOOD PULP						R	P		
Total Wood Pulp	- Production	52537	55548	4394	4522	4456	4499	54311	-2.6
	- Imports	4093	4490	335	380	384	382	4515	3.7
	- Exports	3644	3594	328	309	372	334	3883	6.8
	- New Supply	52986	56445	4401	4594	4467	4547	54943	-2.7
Dissolving Pulp	- Production	1261	1206	104	112	97	86	1237	-1.7
	- Imports	192	161	7	13	10	8	149	-6.8
	- Exports	647	595	59	46	80	52	717	15.6
	- New Supply	806	772	52	79	27	42	669	-16.2
Paper Grades Chemical Pulp	- Production	42358	44732	3506	3618	3584	3632	43640	-2.6
	- Imports	3706	4023	324	339	364	343	4147	5.4
	- Exports	2958	2945	267	262	291	282	3141	6.2
	- New Supply	43106	45810	3562	3695	3657	3694	44647	-2.5
Groundwood and Thermo-Mech.	- Production	5067	5509	451	441	428	445	5359	-3.7
	- Imports	195	306	4	27	10	31	219	-16.2
	- Exports	40	54	1	1	1	1	25	-58.1
	- New Supply	5222	5762	454	467	437	475	5552	-3.7
Semi-Chemical	- Production	3851	4100	333	352	346	335	4075	-1.4
	- Imports								
	- Exports			- - - - - Included in Groundwood Pulp - - - - -					
	- New Supply	3851	4100	333	352	346	335	4075	-1.4
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6478	6891	563	542	568	591	6927	1.5
	- Imports	2945	2968	206	270	228	248	2796	-5.1
	- Exports	3421	3511	333	352	375	274	3808	6.6
	- New Supply	6002	6347	436	460	421	566	5916	-4.6
Dissolving Pulp	- Production	1260	1197	104	112	97	86	1237	-1.6
	- Imports	210	204	8	16	11	19	182	-13.5
	- Exports	698	690	58	70	78	31	691	-2.1
	- New Supply	772	710	54	58	30	74	727	-4.3
Paper Grades Chemical Pulp	- Production	5206	5680	457	429	470	504	5678	2.2
	- Imports	2698	2664	197	235	213	220	2539	-4.8
	- Exports	2723	2821	275	281	297	242	3115	8.7
	- New Supply	5181	5524	380	383	386	482	5103	-4.7
Groundwood Pulp and All Other	- Production	12	13	1	0	1	1	13	-3.9
	- Imports	38	100	1	20	4	9	75	6.6
	- Exports	0	0	0	1	0	0	2	0.0
	- New Supply	49	113	2	20	5	10	86	3.3

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

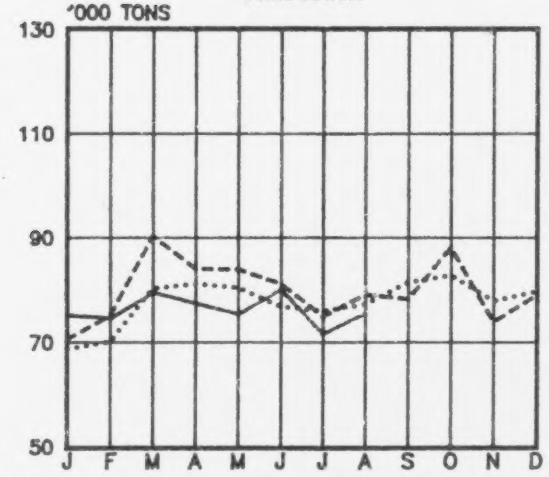
FIBROUS RAW MATERIALS
(Thousands of tons)

	YEAR 1983	YEAR 1984	APR 1985	MAY 1985	JUNE 1985	JULY 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	66130	70679	5584	5704	5634	5647	68517	-3.2
Total Wood Pulp	51434	54664	4339	4481	4369	4434	53366	-2.7
Waste Paper	14696	16015	1245	1223	1264	1212	15151	-4.7
INVENTORIES								
Own Use Wood Pulp at Pulp Mills	170	174	165	175	192	186	186	17.2
Mkt Pulp at Pulp Mills (Paper Grades)	384	585	636	560	529	563	563	48.7
Mkt Pulp at Ppr. & Bd. Mills *	550	484	449	444	442	414	414	-27.7
Waste Paper at Paper &Bd. Mills	920	1025	994	970	985	1011	1011	4.2
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	26	50	36	32	36	36	36	20.0

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

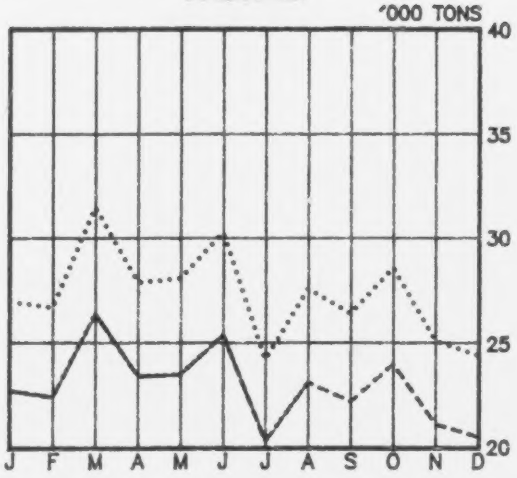
BLEACHED BRISTOLS

PRODUCTION



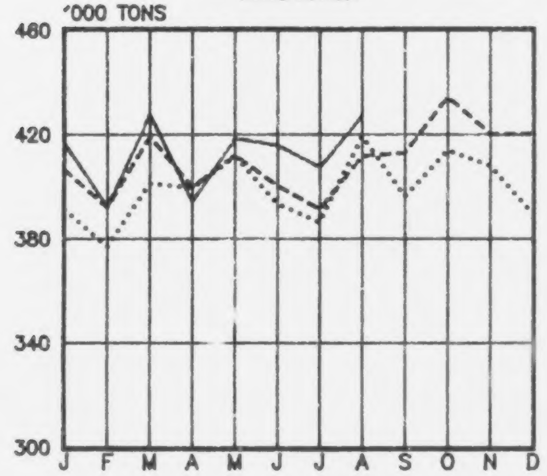
THIN PAPER

PRODUCTION



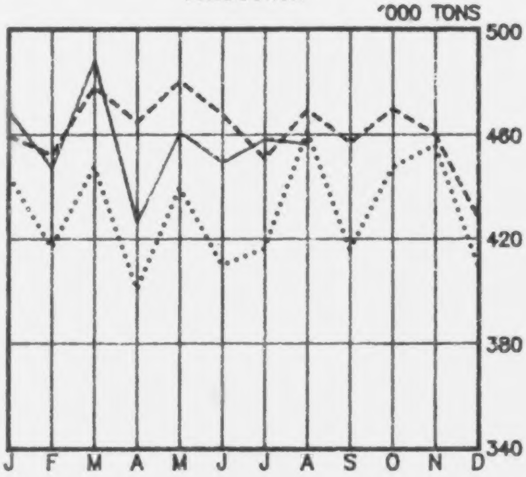
TISSUE PAPER

PRODUCTION



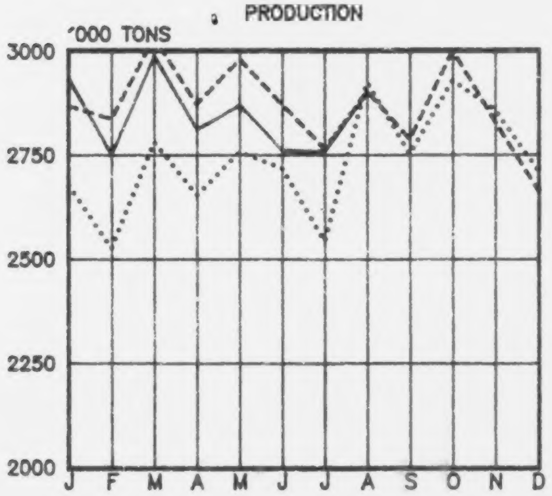
NEWSPRINT

PRODUCTION



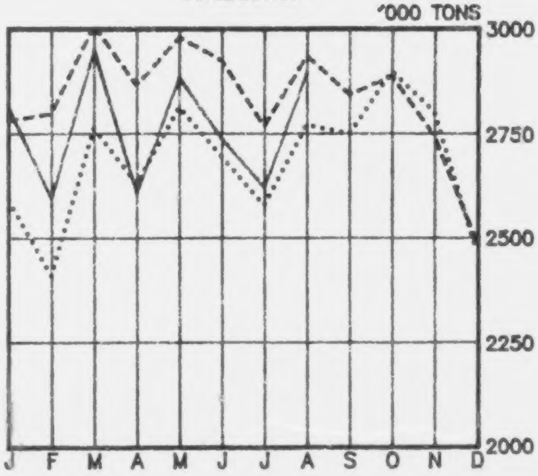
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1983 ······· 1984 -----1985 ——

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

PULPWOOD		YEAR 1983	YEAR 1984	APR. 1985	MAY 1985	JUNE 1985	JULY 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Total U.S.	- Total Receipts	84475	88876	7009	6958	6918	7003	85577	-3.4
	- Total Consumpt	85442	87646	7148	7072	6943	7022	86109	-2.2
	- Residues *	32755	32072	2659	2592	2520	2413	30291	-7.1
	- Inventories	5229	5574	5136	4952	4925	4881	4881	5.6
So. Atlantic	- Total Receipts	25736	27654	2239	2178	2189	2215	27228	2.5
	- Total Consumpt	25847	27344	2284	2203	2252	2225	27542	3.7
	- Residues *	7904	8198	623	624	629	581	7692	-5.4
	- Inventories	1163	1444	1296	1195	1109	1086	1086	4.5
Northeast	- Total Receipts	7051	7665	542	561	563	621	7443	-0.7
	- Total Consumpt	7274	7474	685	600	589	624	7694	0.6
	- Residues *	1199	1501	142	142	141	110	1582	13.5
	- Inventories	577	590	490	442	442	409	409	-3.1
South Central	- Total Receipts	29409	30693	2556	2504	2461	2404	30038	-2.4
	- Total Consumpt	29152	30502	2435	2505	2514	2468	30225	-1.1
	- Residues *	9218	9059	820	790	779	711	9257	2.7
	- Inventories	1536	1304	1170	1200	1143	1148	1148	-3.6
North Central	- Total Receipts	6265	6872	392	503	554	530	6444	-8.5
	- Total Consumpt	6343	6563	524	551	518	502	6338	-6.5
	- Residues *	1822	1472	108	112	109	97	1327	-13.2
	- Inventories	851	906	879	833	854	871	871	6.6
West	- Total Receipts	16014	15992	1280	1212	1151	1233	14424	-13.1
	- Total Consumpt	16826	15763	1220	1213	1070	1203	14311	-13.5
	- Residues *	12612	11842	966	924	862	914	10433	-16.7
	- Inventories	1102	1330	1301	1282	1377	1367	1367	18.7

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

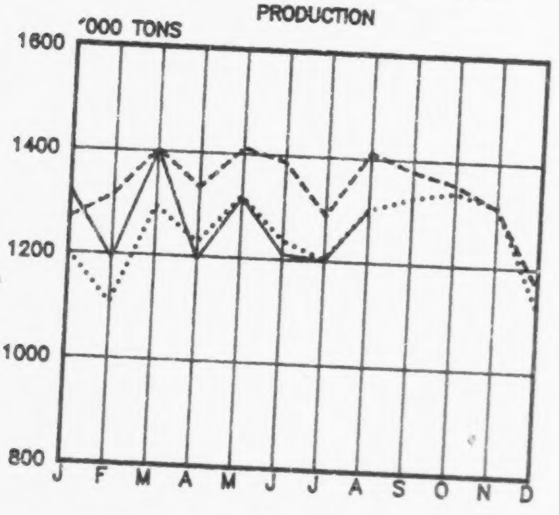
	YEAR 1984 Tons	YEAR 1984 $000's	JUNE 1985 Tons	JUNE 1985 $000's	JULY 1985 Tons	JULY 1985 $000's	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	207520	10591	969	100	293	149	37150	-76.8
Pulpwood chips	2061270	45353	43599	1386	70826	2235	1016244	-59.4
Wood Pulp, Total	4059913	1678908	357819	124788	343464	113058	4782978	19.1
Waste Fibrous Materials, Total	151957	25187	11811	2088	11322	2187	184357	15.3
Paper, Board & Products, Total	9401285	4048656	803338	355979	774998	341030	11331762	25.1
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9330954	3927255	794766	343285	767014	329863	11236702	25.0
Paper, Paperboard & Products	8948073	3946084	762247	345757	742581	332746	10862300	25.6
Paper & Paperboard, Only	8877742	3824684	753675	333063	734597	321578	10767239	25.5
Paper, Total	8652094	3762205	739594	329156	723171	318533	10590121	26.8
Newsprint	7681341	3224596	666914	290112	636751	273073	9477026	26.8
Printing, Writing & Rel. Pap.	852879	457438	58604	30102	72081	37566	920579	22.1
Pack. & Ind. Conv. Paper	101131	59408	8995	5363	9907	5086	130877	23.0
Special Industrial Paper	3232	5437	328	609	213	354	3673	16.2
Tissue Paper	23512	15326	4752	2970	4220	2455	57965	21.6
Paperboard, Total	215648	62479	14082	3907	11425	3045	177118	-23.8
Convtd Paper&Paperbd Products	70331	121401	8572	12694	7984	11168	95061	46.4
Wet Machine Board	2098	1426	237	166	184	123	2477	-3.6
Construction Paper & Board	451113	101146	40854	10057	32234	8162	466985	15.1

Pulpwood, Roundwood (in cords of 128 cubic feet)	95117	5698	3697	198	3027	179	45790	-37.0
Pulpwood chips	28445	1544	6813	353	6282	419	97830	171.6
Wood Pulp, Total	180850	82653	16098	6833	18217	7331	235038	40.2
Cotton Pulp & Other Pulp	10474	6605	487	272	631	407	11896	5.4
Waste Paper	325712	37937	26696	2471	17120	1901	266682	-19.8
Paper, Board & Products, Total	756499	524570	61918	44621	48827	32358	849712	6.5
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	569696	358082	47785	30593	33744	20757	654845	12.8
Paper, Paperboard & Products	726888	511454	59730	43589	46975	31560	821144	7.3
Paper & Paperboard, Only	540085	344966	45597	29562	31892	19958	626276	14.2
Paper, Total	296791	245610	22345	20456	16424	13413	335448	6.1
Newsprint	4493	3678	49	75	198	194	3598	-36.0
Printing, Writing & Rel. Pap.	137839	125802	11627	10437	7946	6788	171769	21.8
Pack. & Ind. Conv. Paper	46661	26918	4618	2382	2540	1202	54091	16.1
Special Industrial Paper	104039	85328	5677	7086	5590	5023	102793	-14.5
Tissue Paper	3758	3883	374	476	151	206	3197	17.9
Paperboard, Total	243294	99357	23252	9106	15468	6545	290828	25.1
Convtd Paper&Paperbd Products	186803	166488	14133	14028	15083	11601	194868	-10.2
Wet Machine Board	5312	3707	651	482	358	285	6286	13.3
Construction Paper & Board	24299	9409	1538	550	1493	513	22282	-15.5

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data

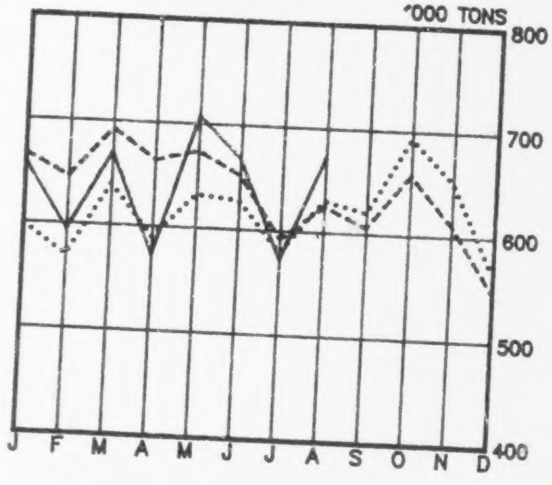
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



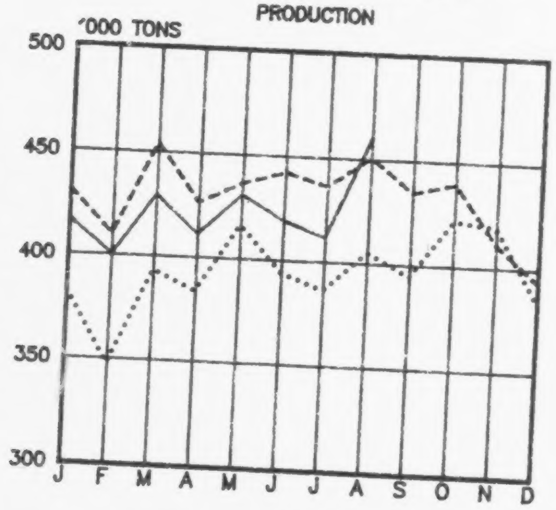
RECYCLED PAPERBOARD

PRODUCTION



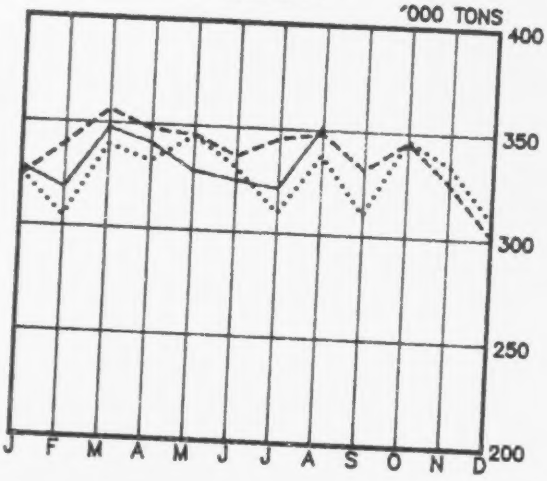
SEMICHEMICAL PAPERBOARD

PRODUCTION



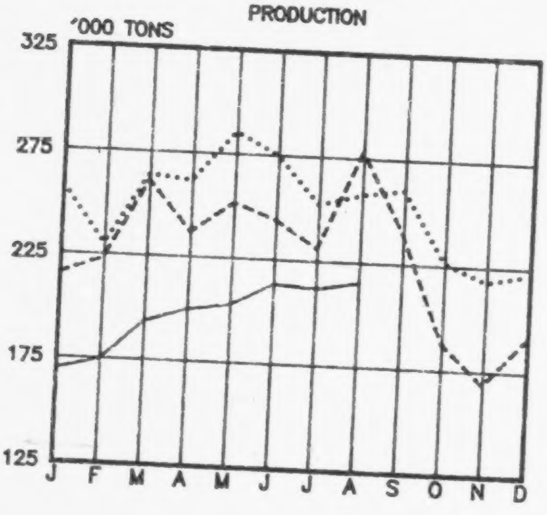
SOLID BLEACHED PAPERBOARD

PRODUCTION



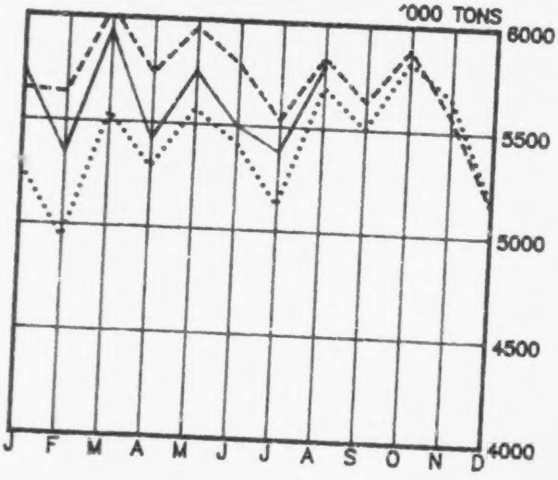
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1983 .... 1984 -----1985 ————

IMPORTS

	YEAR 1984 Tons	1984 $000	JUNE 1985 Tons	JUNE 1985 $000	JULY 1985 Tons	JULY 1985 $000	(1) Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood Roundwood (cords)	207733	10615	1969	116	293	149	49219	-74.4
Pulpwood Chips	2062545	45396	43635	1391	70891	2242	872393	-63.7
Total All Imports	15739471	7204351	1330441	597095	1324211	587553	16245198	4.7
Wood Pulp Total	4490081	1844768	383675	132636	391852	126377	4531874	4.1
Waste Paper	109712	11692	6964	734	5552	648	80266	-28.5
Other Fibrous Materials	64367	24097	6262	2199	7406	2337	98416	39.8
Paper Board & Products Total	11075312	5323794	933540	461526	919401	458192	11534642	5.1
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	10854312	4781475	906874	407655	895473	403574	11274687	4.7
Paper Ppbd & Prds ex Cnst&WMB	10575656	5207697	886697	449205	879527	447305	11073550	5.5
Paper & Paperboard Only	10354656	4665378	860030	395334	855599	392686	10813595	5.1
Paper Total	10112041	4591486	845504	391138	841449	388451	10634590	6.0
Newsprint	7893877	3299570	692843	300175	668377	285769	8470419	8.3
Printing & Writing	2042368	1168989	132238	76729	153240	89217	1944291	-4.3
Uncoated Groundwood	1090049	548791	65267	34210	83169	42302	1038283	-3.9
Coated Print.& Impreg. Pap.	428274	295844	34880	25220	36881	27149	540119	42.9
Uncoated Free Sheet	476950	284057	30013	15306	31092	17918	339165	-34.6
Uncoated Book	254926	156296	16946	8216	17269	8423	184654	-28.3
Writing and Similar Paper	222024	127761	13067	7090	13823	9495	154511	-40.8
Thin (except Cigarette)	46427	39513	1934	1863	1924	1738	25576	-53.5
Bristols	667	784	94	131	174	109	1147	83.8
Total Pkg & Other Paper	145484	102565	13675	10003	14139	10097	162067	4.7
Unbleached Kraft Paper	42854	19568	3238	1293	5142	1902	48062	2.0
Other Pkg. & Indust. Paper	102629	82997	10437	8710	8997	8196	114006	5.9
Tissue	30312	20362	6748	4231	5694	3368	57813	187.8
Paperboard, Total	242615	73892	14527	4197	14150	4236	179005	-31.1
Test or Containerboard	70028	22218	4703	1622	2870	904	50516	-32.2
Semi-Chemical Corrugating	103968	26098	6348	1314	5024	1012	62993	-41.8
Other Paperboard	68620	25576	3476	1260	6256	2319	65496	-14.9
Convtd Paper&Paperbd Products	221000	542319	26667	53871	23928	54618	259955	24.2
Paper Products, Total	186199	474151	24413	48693	22061	50336	235620	32.3
Paperboard Products, Total	34800	68168	2254	5178	1867	4283	24335	-22.1
Wet machine Board	2826	2017	297	222	263	298	3229	-0.5
Construction Paper & Board	496830	114080	46547	12099	39612	10590	457863	-3.1
Notes								
Other: No Weight Avail. ($000)		195737		19803		20580	215099	11.1
Total Imports Incl. Other($000)		7400088		616897		608133	7531918	4.8

EXPORTS

	YEAR 1984 Tons	1984 $000	JUNE 1985 Tons	JUNE 1985 $000	JULY 1985 Tons	JULY 1985 $000	(1) Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood, Roundwood (cords)	95441	5714	3869	206	3027	179	39891	-48.3
Pulpwood Chips	2325213	164058	210307	15823	183915	13767	2272731	-3.0
Total All Exports	11300450	4524778	1077736	369652	916910	320272	11303908	-0.7
Wood Pulp,Total	3593585	1501948	371968	130126	334007	113828	3882041	6.7
Cotton Pulp and Other Pulp	84883	63545	10059	6755	9521	7843	95318	8.5
Waste and Old Paper	3235441	408128	321861	33301	257459	25445	3298875	6.7
Paper, Board & Products,Total	4386541	2551157	373848	199470	315923	173156	4027674	-11.7
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3818804	1789129	332713	142585	277424	121364	3513879	-11.3
Paper, Ppbd & Prod ex Cnst&WMB	4308873	2507184	369240	196999	311007	170251	3961473	-11.5
Paper & Paperboard, Only	3741136	1745156	328105	140115	272508	118459	3447678	-11.1
Paper, Total	810547	632490	65483	50564	53198	40297	790907	-5.5
Newsprint	306198	133964	25352	9916	22092	9213	315910	1.7
Printing & Writing	203156	219922	16734	17091	11367	12558	204127	-2.0
Uncoated Groundwood	30405	28875	3653	3180	1625	1524	36180	23.0
Clay Coated Paper	85714	71365	5783	6112	3755	3201	76154	-16.9
Uncoated Free Sheet	65410	87255	5112	5026	4251	5631	70349	8.4
Other Printing & Writing	21627	32427	2185	2773	1736	2202	21445	-4.1
Total Pkg. & Other Paper	284185	259323	22288	22211	19014	17371	250421	-16.4
Unbleached Kraft	106712	44382	7439	3198	6868	3081	73377	-32.1
Other Pkg. & Indust. Paper	177473	214941	14849	19013	12146	14291	177044	-7.6
Tissue	17009	19281	1109	1346	726	1154	20450	10.2
Paperboard, Total	2930588	1112666	262622	89551	219310	78162	2656771	-12.6
Solid Wood Pulp	2761732	1040239	245672	82599	207066	73031	2445409	-15.4
Total Linerboard	2058034	628531	180716	46140	144738	38512	1727686	-19.2
Bleached Kraft Linerboard	141367	57788	10447	3043	11212	3929	119421	-9.8
Unbleached Kraft Linerbd	1916667	570743	170269	43097	133527	34583	1608265	-19.8
Other Unbleached Kraft	110878	51270	15917	6288	14100	4121	115894	-11.8
Other Bleached Kraft	543209	348218	44877	28933	45896	29849	547908	-5.7
Semi-Chemical Corrugating	49612	12220	4162	1237	2331	549	53921	33.5
Recycled Paperboard	168856	72427	16951	6952	12245	5131	211362	41.6
Convtd Paper&Paperbd Products	567737	762028	41135	56884	38499	51792	513795	-14.2
Paper Products, Total	286403	516149	19668	39799	22504	36242	255362	-18.3
Paperboard Products, Total	281334	245879	21468	17085	15995	15551	258433	-9.8
Wet Machine Board	13782	7335	1263	684	582	369	12919	-9.0
Construction Paper & Board E	63887	36638	3344	1786	4334	2536	53282	-23.4
Notes								
Other: No Weight Avail. ($000)		8843		484		522	6589	-29.4
Total Exports Incl. Other($000)		4533621		370135		320793	4162579	-9.0

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.

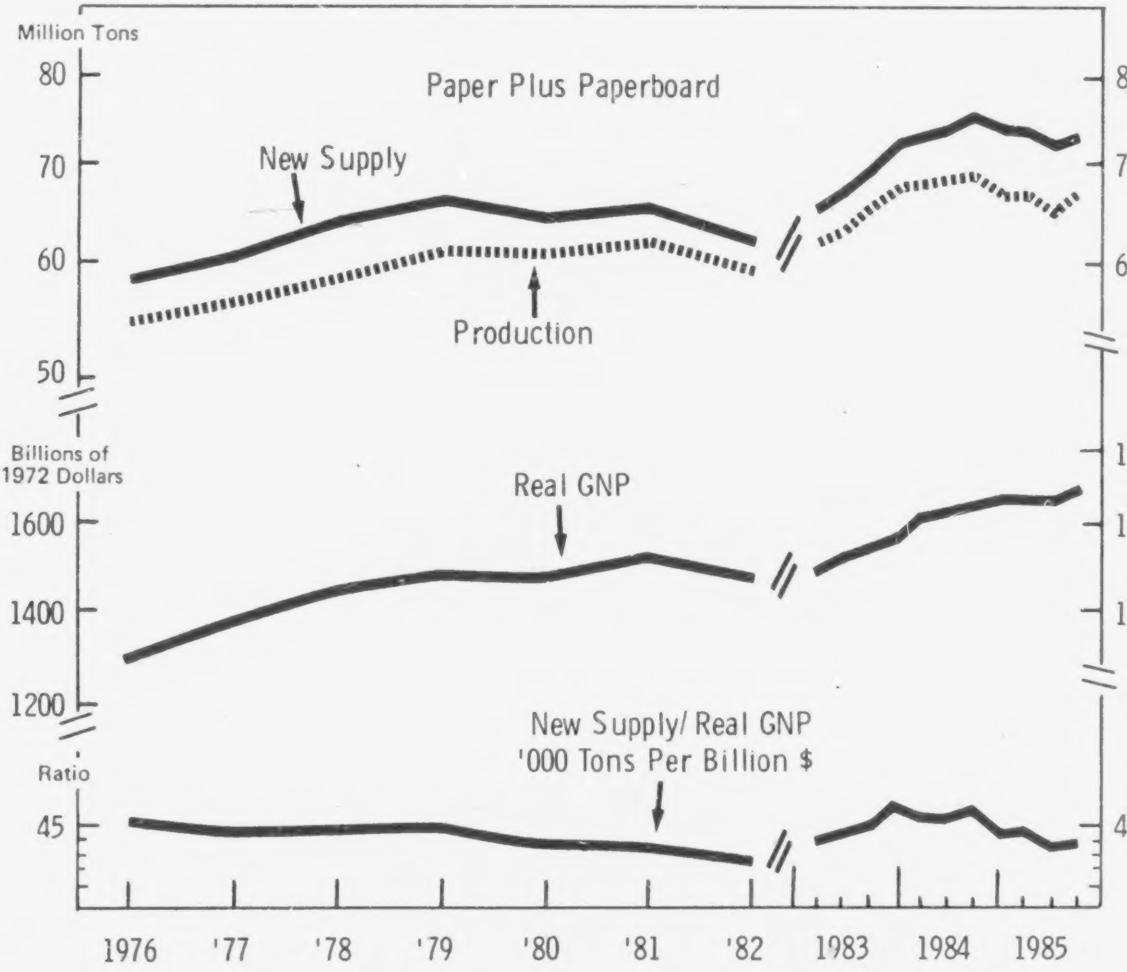
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES

1967 = 100

	1983	1984	MAY	JUNE	JULY	AUG.	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	271.4	292.9	293.3	292.9	291.9	289.8	294.1	1.3
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	273.3	293.8	295.8	295.5	294.5	292.3	296.4	1.9
Total Wood Pulp	347.1	395.0	342.4	346.1	345.5	338.4	353.3	-10.0
Total Paper	282.3	303.2	304.6	304.7	304.0	303.7	304.5	1.2
Total Paper, exc. Newsprint	277.0	301.2	300.1	300.1	300.2	300.1	299.9	-0.1
Newsprint	303.0	324.1	332.9	333.7	333.0	334.9	333.6	4.8
Total Paperboard	250.8	280.6	282.1	276.1	273.2	266.3	280.5	2.0
Total Paper and Paperboard *	272.4	296.1	297.5	295.8	294.3	292.0	297.0	1.4
Converted Products	265.4	280.7	288.8	289.0	288.3	286.7	289.2	4.1
Waste Paper	158.6	240.1	144.0	141.6	141.6	141.4	159.6	-35.1
All Commodities	303.1	310.4	309.9	309.5	309.0	307.2	309.1	-0.5
Industrial Commodities	315.7	322.6	325.3	325.2	324.3	323.6	323.8	0.5

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API 24-Sep-85



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Although there was some strengthening of shipments of the packaging and industrial converting grades in August, the 8-months rate was still about 9% below its corresponding 1984 level.

Paperboard: Paperboard production has shown a relatively weaker trend than paper so far this year, largely reflecting the generally flat trend of industrial production and weakness in exports. In addition, inventories of paperboard at both the mill and converter level became top-heavy in the early months of 1985, leading to reductions in output in the second quarter: these inventories are now being reduced. Despite a modest increase in the rate of production during the third quarter, inventories were reduced further.

Data on inventories of containerboard at mills and boxplants illustrate this trend. Mill inventories peaked at the end of the first quarter of 1985 and have since been in a declining trend, with the level at the end of August some 16% below the peak. The considerably larger inventories at boxplants showed a similar pattern; the subsequent decline brought the total below its year-ago level as of the end of August. At that time total inventories and mills and plants were equivalent to 7.2 weeks of supply, compared to 8.1 weeks at the end of the first quarter and 7.0 weeks at the end of August 1984.

The production trends for the major grades of paperboard are presented on page 3. The seasonally adjusted rate of total paperboard production in the January-July period was 2.5% below its year-ago rate; the unadjusted total, reflecting the extra leap-year day in 1984, was down 2.9%.

Total production of paperboard for export in the first eight months of 1985 fell 18.6%, paced by a 23.8% decline in exports of unbleached kraft linerboard. The recent decline in the value of the dollar may well stimulate export demand for paperboard sometime in 1986.

The effects of inventory-induced reductions in production were strongly evident in the containerboard grades. Production of containerboard for domestic use in the January-August 1985 period was 3.5% below its comparable year-ago total. Boxboard production for domestic use, which had been less affected by inventory changes, showed a more modest 2.0% decline in this period. Among the major boxboard grades, total production of solid bleached folding boxboard for domestic use fell 3.5%, but the recycled grades increased by 0.9%.

The production of milk carton and food service grades held up fairly well, with the eight months 1985 total down 0.7%. The standout performer in these grades was cup stock, which showed a 5.3% increase.

continued on page 12

continued from page 11

FIBROUS RAW MATERIALS

Wood pulp: In much the same manner as paperboard, the production of market wood pulp was also affected by a rather strong inventory cycle in 1985. The peak in that cycle came in February, when inventories of market pulp at wood pulp mills in the United States reached 695,000 short tons. The rate of production actually peaked in February, when the seasonally adjusted rate reached 510,000 tons per month. By the end of August a contraction in the production rate to 425,000 tons per month reduced inventories to about 550,000 tons.

For the entire January-August 1985 period, shipments of chemical paper grade market pulp were 2% above their year-ago total, reflecting a 7.2% increase in exports partly offset by a 3.2% decline in shipments to the domestic market. The strength in exports was largely concentrated in shipments to markets outside Canada, Europe and Japan and were 38% above their comparable year-ago level in the first eight months of 1985.

The 1984 and year-to-date 1985 import data for chemical paper grade market pulp have been revised to reflect a rather large change in data on shipments of market pulp from Canada to the U.S. The new figures show total imports of these grades of market pulp in 1984 at 2,664,000 short tons, some 1.3% below the 1983 level. This brought the new supply total to 5,524,000 tons, 6.6% above the 1983 total, with the gain reflecting an increase in domestic production and stable exports.

The new data show a somewhat stronger trend of chemical paper grade market pulp imports in 1985 than had been indicated earlier. Nevertheless, the rate of imports in the first seven months of 1985, based on these revisions, was 4.8% below its revised year ago total; the new supply total was down by 4.7%.

CAPITAL EXPENDITURES

Since the publication of our August 1985 report, the Department of Commerce revised its data on the industry's total expenditures for plant and equipment. The new data show that paper and allied products companies now expect to spend $8.2 billion for such purposes in 1985, compared to the $8.0 billion indicated in their previous report and the $7.8 billion reported only a few months earlier. This new figure represents a 13.9% gain over 1984's revised total of $7.2 billion, and is equivalent to over 11% of the total sales of these companies.

The total changes in tonnage capacity involved in these expenditures will be reported in the API's 1985 capacity survey, scheduled to be released in early November.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

September 30, 1985

PRODUCTION (000 TONS)

	Aug. 85	July 85	Aug. 84	Jan. - 85 -	Aug. 84	% Change 85/84
PAPER GRADES	P	R				
Newsprint	456	458	470	3656	3723	-1.8
Printing & Writing	1575	1480	1557	12348	12356	-0.1
Uncoated Groundwood (s)	132	119	129	976	1068	-8.6
Coated Paper (s)	492	470	537	4032	4162	-3.1
Uncoated Free Sheet Paper (s)	840	789	775	6448	6199	4.0
Thin Paper (s)	23	20	23	187	187	0.0
Cotton Fiber Paper (s)	12	10	13	95	99	-4.4
Bleached Bristols (s)	76	72	79	610	640	-4.7
Tissue Paper	427	407	412	3299	3232	2.1
Total Pkg & Other Paper	441	413	465	3467	3821	-9.3
Unbleached Kraft Packaging & Indl. Converting (s)	282	280	304	2267	2507	-9.6
Other Paper *	159	133	161	1200	1314	-8.7
TOTAL PAPER	2899	2759	2903	22770	23132	-1.6
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1413	1315	1513	10953	11628	-5.8
Unbleached Kraft Linerboard	1304	1202	1412	10144	10824	-6.3
Other Unbl. Kraft Paperboard	109	113	100	810	805	0.6
Semichemical Paperboard	460	412	451	3381	3489	-3.1
Bleached Paperboard	352	321	348	2661	2743	-3.0
Recycled Paperboard	672	573	625	5116	5213	-1.9
TOTAL PAPERBOARD	2897	2622	2937	22112	23073	-4.2
TOTAL PAPER AND PAPERBOARD	5796	5380	5841	44882	46205	-2.9

WOOD PULP (ALL GRADES)	July 85	June 85	July 84	Jan. - 85 -	May. 84	% Change 85/84
Dissolving & Special Alpha	86	97	99	722	734	-1.7
Bleached Sulfite	109	108	104	806	808	-0.3
Unbleached Sulfite	15	15	19	126	165	-23.8
Bleached & Semi-Bl. Sulfate	1913	1872	1799	13181	12932	1.9
Unbleached Sulfate	1595	1589	1702	11345	12224	-7.2
Semichemical	335	346	324	2377	2411	-1.4
Groundwood & Thermomechanical	445	428	448	3126	3245	-3.7
TOTAL PULP DIVISION DATA	4499	4456	4494	31681	32519	-2.6

(s) - Shipments R - Revised
P - Preliminary

September 30,.1985

	Full Year		INDUSTRY DATA 1985			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1983	1984	June	July	Aug	1985	
Total Production (API).......: excluding :...	65000	68457	5498	5380	5796	67323	-2.9
Total Seasonally Adjusted....:construction:...			5529	5638	5629	66893	-2.5
Imports (including Products).: and wet :..E	8509	10576	887	880	873	10999	3.8
Exports (including Products).: machine :..E	4501	4309	369	311	356	4001	-9.9
Apparent Consumption.........: grades :...	69008 a	74724 b	6047	6207	6146	73891 c	-1.1
Paper Production % Tonnage Capacity...........	92.0 g	93.4 g	88.5	84.8	88.9	90.7 gh	-
Paperboard Production % Tonnage Capacity......	90.8 g	94.8 g	90.8	83.2	91.9	91.4 g	-
			May	June	July		
IMPORTS.....:Including Construction and :...	8985	11075	987	934	919	11534	5.1
EXPORTS.....: WMB Grades (excl. HPB) :...	4568	4387	303	374	316	4027	-11.7
MARKET WOOD PULP PRODUCTION - Tons (000)........	6478	6891	542	568	591	6927	1.5
TOTAL WOOD PULP PRODUCTION - Tons (000).........	52537	55548	4522	4456	4499	54306	-2.6
WOOD PULP IMPORTS - TONS (000)..................	4093	4490	380	384	382	4516	3.7
WOOD PULP EXPORTS - TONS (000)..................	3644	3594	309	372	334	3883	6.8
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			May	June	July		
Wood Pulp.............:consumption for:.....	51434	54664	4481	4369	4434	53364	-2.7
Waste Paper...........:construction & :.....	14696	16015	1223	1268	1212	15157	-4.6
TOTAL..........: WMB grades :.....	66130	70679	5704	5637	5646	68521	-3.2
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	83608	87646	7072	6943	7022	86109	-2.2
EMPLOYMENT (000)			June	July	Aug		
Paper and Allied Products..........Total......	661.6	682.3	690.0	685.6	686.9	682.2	0.2
Pulp, Paper and Board Mills........Total.....E	258.2	263.9	259.5	257.5	257.1	259.1	-1.8
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.....................	9.94	10.44	10.77	10.91	10.86	10.75	3.9
Pulp, Paper Mills..........................E	11.70	12.45	13.11	13.[illegible]	13.23	12.98	5.6
Paperboard Mills...........................E	12.11	12.99	13.50	13.[illegible]	13.66	13.46	4.9
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q1	1985 Q2	1985 Q3		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	5.92	7.21	7.76	8.10	8.22	8.21y	13.9
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			June	July	Aug		
:IN PULP, PAPER :...Production Workers..........	118.0	119.9	118.3	116.2	125.5	120.7	-0.3
:AND BOARD MILLS:...All Employees...............	115.8	118.2	117.2	115.1	124.3	119.2	-0.3
PAPER AND ALLIED PRODUCTS (Million $)			May	June	July		
Industry Shipments (Dept. of Commerce)*........	85662	95990	8190	8131	8135	97341	2.3
Pulp, Paper and Paperboard*..................	36346	41539	3436	3369	3464	41705	0.9
Inventories (End of Period) - Total Industry*..	8729	9701	9690	9678	9533	9533	1.1
Pulp, Paper and Paperboard*..................	3263	3662	3723	3774	3760	3760	8.3
			1984 Q3	1984 Q4	1985 Q1		
Sales (Corporations Only)......................	65008	71891	18096	17642	17797	71188	1.9
Earnings (Corporations Only)...................	2327	3015	951	493	718	2872	14.1
Depreciation (Corporations Only)...............	2607	2798	706	700	765	3060	10.4
Net Worth (Corporations Only)..................	27219	28160	28806	28160	29241	29241	5.9
PRICE INDEXES (Bureau of Labor Stats)1967=100			June	July	Aug		
Pulp, Paper & Products, ex. Building Grades....	271.4	292.9	292.9	291.9	289.8	294.1	1.3
Wood Pulp......................................	347.1	395.0	346.1	345.5	338.4	353.3	-10.0
Waste Paper....................................	N.A.	240.1	141.6	141.6	141.4	159.6	-35.1
Paper..	282.3	303.2	304.7	304.0	303.7	304.5	1.2
Paperboard.....................................	250.8	280.6	276.2	273.2	266.3	280.5	2.0
PAPER DEMAND (INDEXED: 1977=100)			June	July	Aug		
Total Paper Production *.......................	157.0	164.3	161.7	167.0	161.7	162.9	-1.2
Paper New Supply *.............................	147.2	160.0	158.8	163.0	159.0	161.1	0.4
Demand Indicators - (Weighted Average) *.....	123.0	136.7	142.5	142.8	144.6	141.4	4.3
Production of Nondurable Goods *.#.(21.2%).	113.7	122.5	125.4	125.8	126.1	124.7	2.1
Disposable Income (Constant $'67).*.(23.9%)	116.1	124.0	126.0	·126.4	126.7	126.6	2.8
Total Printing and Publishing *.#.(54.9%).	129.6	147.8	156.3	156.4	157.8	154.2	5.4
Trend Factor	----------------	----------------	----------------	Not Available	----------------	----------------	----------------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *..................	141.2	148.9	142.5	143.4	147.8	143.7	-3.7
Production for Domestic Use	135.5	145.4	140.7	134.3	149.5	143.0	-2.8
Demand Indicators - (Weighted Average) *.....	107.9	118.3	120.2	119.9	120.6	119.8	1.6
Production of Consumer Goods *.#.(62.06%)	109.3	118.2	120.7	120.4	121.3	120.0	1.8
Production of Equipment *.#.(5.75%)	121.7	140.5	146.4	146.4	147.1	.146.3	5.9
Production of Materials *.#.(32.19%)	102.8	114.6	114.5	114.3	114.5	114.9	0.3
Trend Factor	----------------	----------------	----------------	Not Available	----------------	----------------	----------------
NEWSPRINT MARKETS			May	June	July		
Consumption by Publishers - Tons (000).........	11671	12612	1112.2	1052.7	992.1	12404	1.5
Newspaper Pub. and Printing Empl. Total(000)...	421.6	443.0	451.6	454.0	453.5	450.8	2.7
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)..........,	10135	11761	13306	12322	9468	143676	-2.7
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	22776	26532	2934	2782	2861	33948	9.4
Inventories (End of Period).	1885	2341	2934	2981	2964	2964	14.8
FIBRE BOX DATA (Fibre Box Association)			June	July	Aug		
Fibre Box Shipments (Million square feet).......	252539	267549	21289	22004	23167	264413	-2.2
Container'bd Inventory at Mill & Plant(000Tons).	2437	2882	2838	2818	2684	2684	-1.0
RETAIL TRADE (Million $)			May	June	July		
Total Retail Sales *...........................	1171915	1291835	114884	113730	113912	1189199	5.9
Nondurable Goods Stores Sales *................	793398	841417	72095	71666	71694	750504	2.6
GENERAL ECONOMIC DATA			June	July	Aug		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*.#	109.2	121.8	124.4	124.4	124.8	124.1	2.5
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	303.1	310.4	309.5	309.0	307.2	309.1	-0.5
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	298.4	311.1	322.3	322.8	323.5	320.3	3.6
			May	June	July		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	387.9	461.0	488.7	497.4	503.8	503.8	15.7
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q1	1985 Q2	1985 Q3		
G.N.P. or Expenditure - Current $..............	3304.8	3662.8	3810.6	3853.1	3909.7	3857.8	8.6
G.N.P. or Expenditure - 1972 $.................	1534.7	1639.3	1663.5	1671.6	1682.9	1672.7	3.8

lb/capita				
	Pap&Papbd	Othr	Totl	Popul(mil)
.a -	589 +	18 =	607	234.2
.b -	631 +	18 =	649	234.9
.c -	627 +	18 =	645	234.9

.E - Last month estimated by API
.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
P - Preliminary
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted
# - Series now indexed to 1977 instead of 1967.

A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 63 - No. 10 October, 1985

PAPER AND PAPERBOARD PRODUCTION: CURRENT TRENDS

Although the trend of paper and paperboard production moved upward from its second quarter low in the third quarter of the year, the seasonally adjusted rate did not quite recover to its first quarter 1985 level of 67.7 million tons per year. Weekly data shows production easing after mid-September, then moving along a flat trend some 1 to 2% below the third quarter rate. At this rate the 1985 production total would amount to about 66.6 million tons, 2.8% below the 1984 record high but still 2.5% above the earlier high reached in 1983. There is some indication however (see below) that production may rise a bit above this level, suggesting that the 1985 total may move closer to 67 million tons.

PAPER: The seasonally adjusted rate of total paper production moved in a fairly narrow range during the first three quarters of 1985, with the monthly rates holding to within 2% of the average level. However, as the table on page 3 shows, there were strongly divergent trends within this sector: newsprint and printing and writing papers held close to their respective year-ago rates while packaging and industrial converting papers were down sharply.

The data on new orders and unfilled orders for the major printing paper grades shown on page 3 suggest the possibility of some increase in the rate of production during the fourth quarter. For example, new orders for both uncoated groundwood paper and coated papers moved above their respective shipments levels in September, leading to a reversal in the downward trend of unfilled orders previously shown for these grades. Both these grades have had strong competition from imports, and both show some recent success in meeting this competition.

Continued on page 2

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Continued from page 1

Imports of uncoated groundwood papers in the first eight months of 1985 were 3.9% below their comparable year-ago total, with the July-August rate some 10% below the average 1984 rate. The July-August rate of coated paper imports averaged about 430,000 tons per year, about equal to its 1984 average, and 22% below the first half 1985 average.

In terms of actual shipments, however, both the uncoated groundwood papers and coated papers were below their respective 1984 totals in the first three quarters of 1985, with groundwood paper down 7.6% and coated papers down 4.2%. The largest single market for uncoated groundwood papers is periodicals other than magazines, and shipments to that market showed only a modest decline. The major declines were concentrated in the other groundwood paper markets -- magazines, commercial printing and business forms.

Coated paper shipments were down 4.2% in this period. Shipments to one of its major markets -- magazines -- showed a less-than-average decline, but shipments to their other major market -- commercial printing -- declined by more than the 4.2% average.

Shipments of uncoated free sheet papers -- which account for over half of total printing and writing papers -- gained 4.3% from the first three quarters of 1984 in the comparable 1985 period. In addition, imports of these types of paper declined by 34% in the January-August 1985 period from their comparable year-earlier level. These trends can probably be traced to the opening of a large new uncoated free sheet mill late in 1984.

Production of the other converting grades declined by 8% during this period, with unbleached kraft papers down 8.3% and "other" papers down 7.6%. The September 1985 total for unbleached kraft paper shipments, however, showed a strong increase from its January-August 1985 average, moving 4.4% over its September 1984 total. The gains were concentrated in the bag & sack and other converting grades, although for the year-to-date, shipments to all the major markets were well below year-earlier totals

Continued on page 11

PAPER AND PAPERBOARD STATISTICS

PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

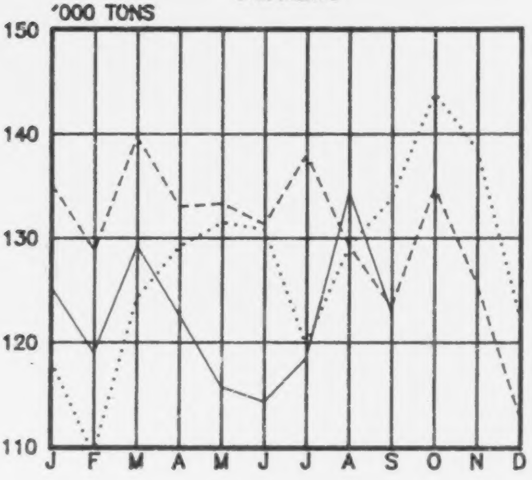
	YEAR		JUNE	JULY	AUG.	SEPT.	Annual Rate Y-T-D	% Change From same Period Last Year
	1983	1984	1985	1985	1985	1985	1985	
PAPER								
Newsprint - Production	5167	5539	449	458	456	447	5471	-1.8
- Shipments	5153	5584	448	445	454	446	5431	-3.4
Printing & Writing sum	17370	18403	1476	1483	1559	1467	18404	-0.1
Groundwood Paper - Shipments	1531	1565	114	119	134	123	1469	-7.6
- New Orders	1581	1575	142	133	134	153	1527	-5.6
-Unfilled Orders	145	140	121	138	131	161	161	4.2
Coated Papers - Shipments	5716	6249	456	470	484	437	5949	-4.2
- New Orders	5864	6281	492	452	448	459	5733	-8.0
- Unfilled Orders	513	575	442	423	387	420	420	-23.3
Unctd Free Sheet - Shipments	8780	9207	788	792	830	793	9645	4.3
- New Orders	9076	8939	771	761	808	781	9617	7.9
- Unfilled Orders	687	430	479	442	424	415	415	-34.2
Thin Papers - Shipments	280	275	25	20	23	22	279	0.0
Cotton Fiber Paper - Shipments	133	147	12	10	12	12	142	-4.0
Bleached Bristols - Production	931	959	80	72	75	80	920	-4.0
Tissue Paper - Production	4789	4921	415	407	413	392	4902	0.8
Total Packaging & Other Paper	5497	5555	417	413	440	468	5240	-8.0
Unbl. Kraft Paper - Shipments	3666	3666	265	280	281	315	3436	-8.3
Other Paper - Production	1832	1889	152	133	159	153	1804	-7.6
TOTAL PAPER-Production-Unadj. *	32823	34417	2758	2762	2869	2774	34016	-1.6
-Production-S.A. *			2818	2916	2790	2819	34025	-1.4
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	24779	26403	2070	2049	2230	2137	25517	-4.8
Unbl. Kraft Linerboard (1)	15001	16037	1211	1202	1307	1301	15264	-6.2
Production for Export	2281	2086	157	153	164	145	1729	-23.5
Other Unbl. Kraft Paperboard	1121	1149	115	113	106	106	1216	1.5
Semichemical Paperboard	4731	5169	419	412	453	422	5062	-3.2
Production for Export	193	149	15	22	20	16	182	21.6
Solid Bleached Paperboard	3926	4048	325	321	363	309	3975	-3.0
Production for Export	515	478	40	35	31	33	444	-8.6
Recycled Paperboard	7398	7637	668	573	673	634	7668	-1.2
Production for Export	24	17	1	1	1	1	14	-2.8
TOTAL PAPERBOARD-Prod.-Unadj. *	32177	34039	2738	2622	2903	2772	33184	-4.0
- Containerboard Prod.(Dom. Use)	19173	20993	1620	1596	1751	1727	20368	-3.4
- Boxboard Prod.(Dom. Use) (2)	5551	5783	492	428	519	458	5746	-1.5
- All Other P'bd Prod.(D.U.) (2)	4441	4531	412	386	417	392	4703	-0.7
- Total Paperbd Prod. for Export	3012	2731	214	212	216	194	2369	-18.6
TOTAL PAPERBOARD PROD.- S.A. *			2709	2726	2815	2777	32862	-3.6
TOTAL PAPER AND PAPERBOARD								
Production - actual *	65000	68457	5496	5384	5772	5545	67201	-2.8
Production - S.A. *			5527	5642	5605	5596	66887	-2.5

(1)Includes all exports of kraft paperboard.
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.
* NOTE: Year 1984 contains one more day than year 1983.

P Preliminary
R Revised
S.A. Seasonally Adjusted

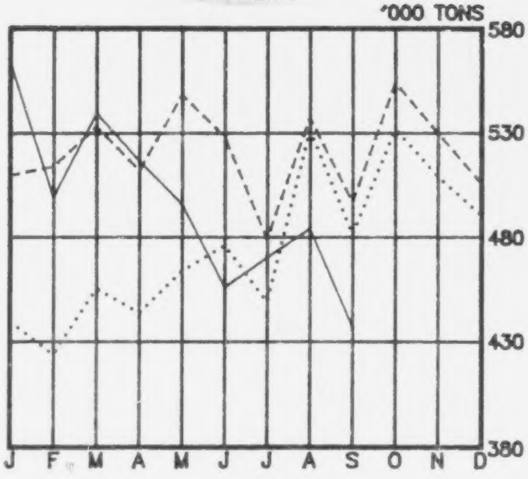
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



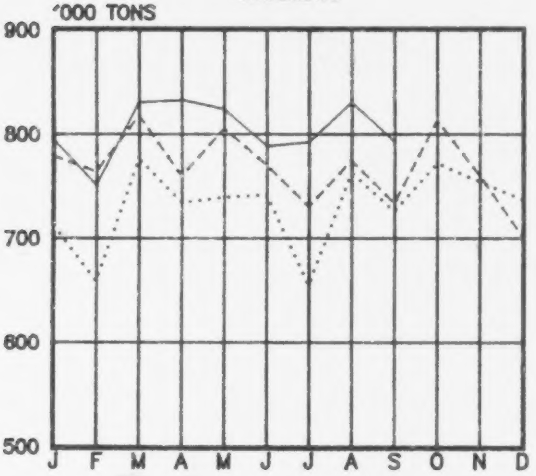
COATED PAPER

SHIPMENTS



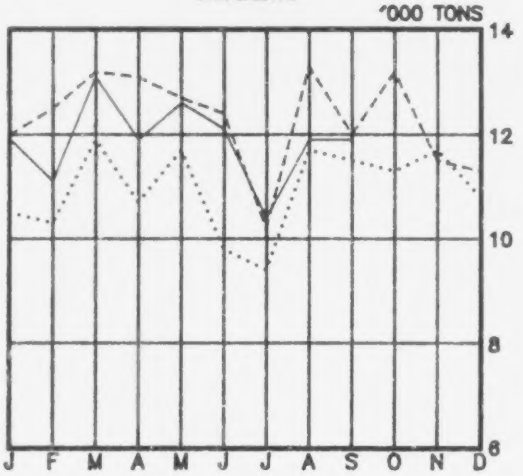
UNCOATED FREE SHEET PAPERS

SHIPMENTS



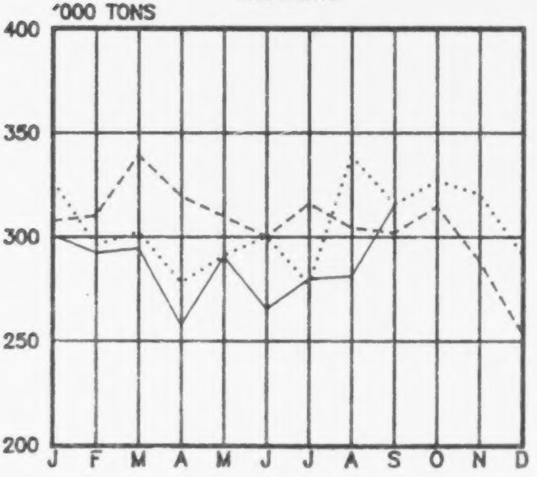
COTTON FIBER PAPER

SHIPMENTS



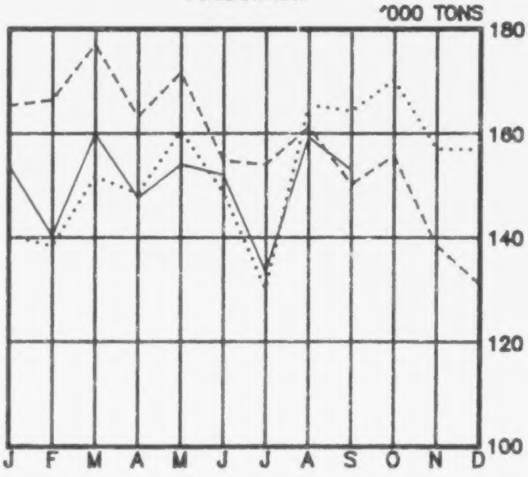
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1983 ········ 1984 - - - - -1985 ———

WOOD PULP STATISTICS
(Thousands of Tons)

		YEAR 1983	YEAR 1984	MAY 1985	JUNE 1985	JULY 1985	AUG 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
TOTAL WOOD PULP						R	P		
Total Wood Pulp	- Production	52537	55548	4522	4456	4492	4518	54287	-3.1
	- Imports	4093	4490	380	384	392	387	4546	3.5
	- Exports	3644	3594	309	372	334	303	3851	5.2
	- New Supply	52986	56445	4594	4467	4550	4602	54982	-3.2
Dissolving Pulp	- Production	1261	1206	112	97	87	77	1199	-5.2
	- Imports	192	161	13	10	18	11	162	6.2
	- Exports	647	595	46	80	52	35	680	11.9
	- New Supply	806	772	79	27	53	53	681	-15.9
Paper Grades Chemical Pulp	- Production	42358	44732	3618	3584	3626	3666	43674	-3.1
	- Imports	3706	4023	339	364	343	364	4174	5.0
	- Exports	2958	2945	262	291	282	266	3147	5.1
	- New Supply	43106	45810	3695	3657	3688	3764	44702	-3.0
Groundwood and Thermo-Mech.	- Production	5067	5509	441	428	447	427	5332	-4.3
	- Imports	195	306	27	10	31	12	210	-21.5
	- Exports	40	54	1	1	1	2	25	-56.9
	- New Supply	5222	5762	467	437	477	437	5517	-4.6
Semi-Chemical	- Production	3851	4100	352	346	332	348	4082	-1.0
	- Imports								
	- Exports			- - - - - Included in Groundwood Pulp - - - - -					
	- New Supply	3851	4100	352	346	332	348	4082	-1.0
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6478	6891	542	568	590	541	6871	-0.1
	- Imports	2945	2968	270	228	246	267	2844	-3.1
	- Exports	3421	3511	352	375	274	312	3799	6.5
	- New Supply	6002	6347	460	421	563	496	5916	-5.3
Dissolving Pulp	- Production	1260	1197	112	97	87	77	1198	-4.2
	- Imports	210	204	16	11	19	9	172	-12.5
	- Exports	698	690	70	78	31	49	678	-2.1
	- New Supply	772	710	58	30	75	36	692	-8.3
Paper Grades Chemical Pulp	- Production	5206	5680	429	470	502	463	5660	0.8
	- Imports	2698	2664	235	213	218	254	2600	-2.7
	- Exports	2723	2821	281	297	242	263	3119	8.5
	- New Supply	5181	5524	383	386	478	455	5140	-5.0
Groundwood Pulp and All Other	- Production	12	13	0	1	1	1	13	-2.3
	- Imports	38	100	20	4	9	4	72	6.9
	- Exports	0	0	1	0	0	0	1	0.0
	- New Supply	49	113	20	5	10	5	83	4.2

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

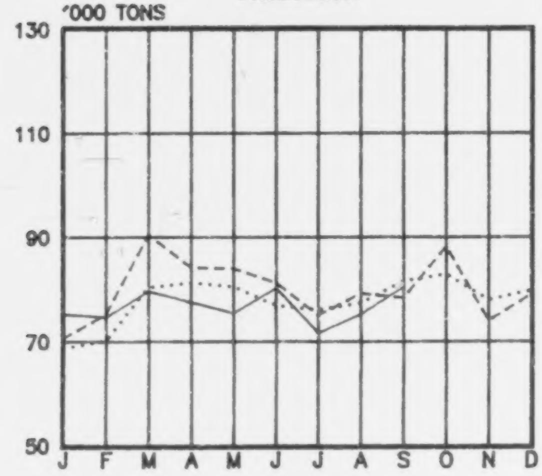
FIBROUS RAW MATERIALS
(Thousands of tons)

CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	66130	70679	5704	5634	5639	5794	68632	-3.3
Total Wood Pulp	51434	54664	4481	4369	4426	4500	53433	-3.0
Waste Paper	14696	16015	1223	1264	1212	1294	15199	-4.4
INVENTORIES								
Own Use Wood Pulp at Pulp Mills	170	174	175	192	186	180	180	9.8
Mkt Pulp at Pulp Mills (Paper Grades)	384	585	560	529	563	541	541	27.8
Mkt Pulp at Ppr. & Bd. Mills *	550	484	444	442	414	410	410	-23.5
Waste Paper at Paper &Bd. Mills	920	1025	970	985	1011	958	958	0.3
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	26	50	34	32	35	35	35	20.7

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

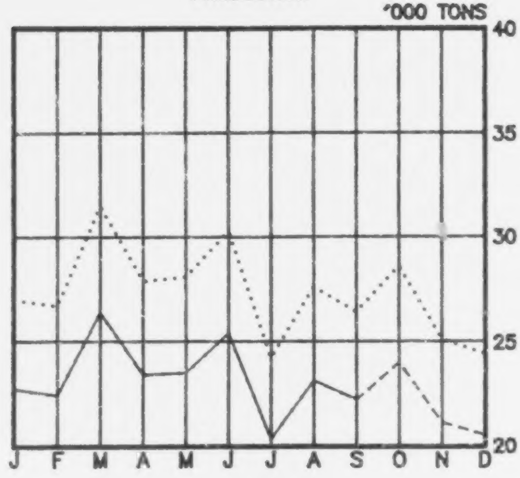
BLEACHED BRISTOLS

PRODUCTION



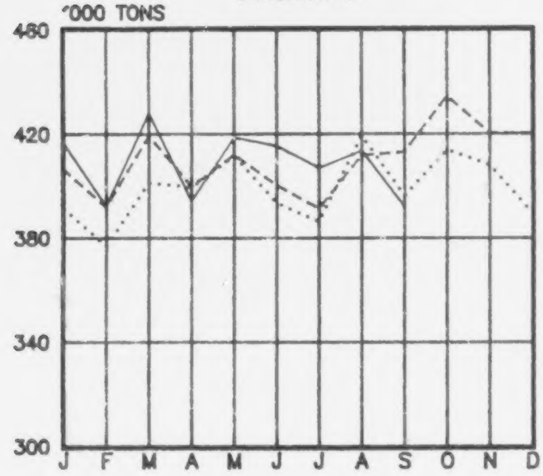
THIN PAPER

PRODUCTION



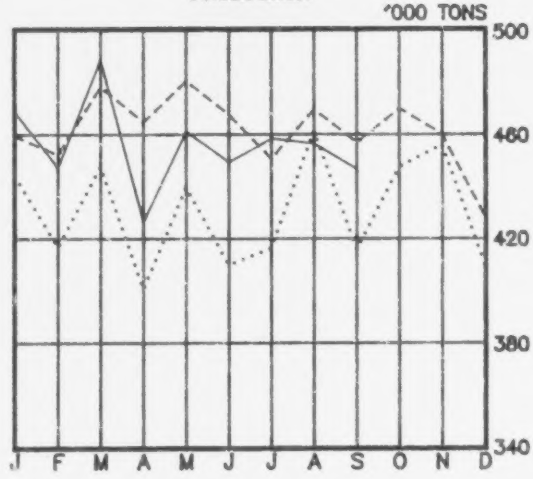
TISSUE PAPER

PRODUCTION



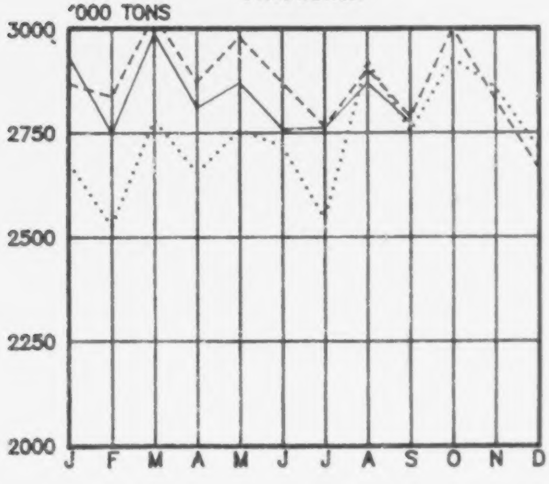
NEWSPRINT

PRODUCTION



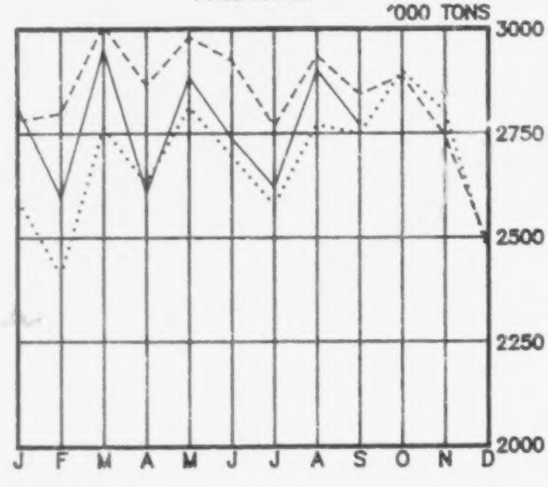
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1983 ········ 1984 - - - - -1985 ————

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1983	YEAR 1984	MAY 1985	JUNE 1985	JULY 1985	AUG. 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	84475	88876	6958	6918	7003	6965	85328	-4.2
	- Total Consumpt	85442	87646	7072	6943	7022	6925	85733	-2.7
	- Residues *	32755	32072	2592	2520	2413	2566	30354	-6.8
	- Inventories	5229	5574	4952	4925	4881	4970	4970	3.0
So. Atlantic	- Total Receipts	25736	27654	2178	2189	2215	2192	27113	1.3
	- Total Consumpt	25847	27344	2203	2252	2225	2198	27396	2.6
	- Residues *	7904	8198	624	629	581	636	7685	-5.6
	- Inventories	1163	1444	1195	1109	1086	1059	1059	1.3
Northeast	- Total Receipts	7051	7665	561	563	621	574	7374	-1.8
	- Total Consumpt	7274	7474	600	589	624	550	7557	.0
	- Residues *	1199	1501	142	141	110	110	1550	7.7
	- Inventories	577	590	442	442	409	425	425	-11.6
South Central	- Total Receipts	29409	30693	2504	2461	2404	2425	29921	-3.8
	- Total Consumpt	29152	30502	2505	2514	2468	2458	30134	-2.2
	- Residues *	9218	9059	790	779	711	768	9252	1.5
	- Inventories	1536	1304	1200	1143	1148	1121	1121	-7.7
North Central	- Total Receipts	6265	6872	503	554	530	557	6474	-8.9
	- Total Consumpt	6343	6563	551	518	502	522	6329	-6.5
	- Residues *	1822	1472	112	109	97	109	1325	-14.3
	- Inventories	851	906	833	854	871	903	903	5.6
West	- Total Receipts	16014	15992	1212	1151	1233	1217	14447	-12.3
	- Total Consumpt	16826	15763	1213	1070	1203	1197	14318	-12.1
	- Residues *	12612	11842	924	862	914	943	10544	-14.4
	- Inventories	1102	1330	1282	1377	1367	1462	1462	19.0

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 25-Oct-85

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1984 Tons	YEAR 1984 $000's	JULY 1985 Tons	JULY 1985 $000's	AUG. 1985 Tons	AUG. 1985 $000's	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	207520	10591	293	149	900	546	29213	-84.0
Pulpwood chips	2061270	45353	70826	2235	43541	1256	827495	-63.8
Wood Pulp, Total	4059913	1678908	343464	113058	332550	111015	4086059	1.2
Waste Fibrous Materials, Total	151957	25187	11322	2187	11753	2332	155897	-1.5
Paper, Board & Products, Total	9401285	4048656	774998	341030	777952	347601	9665749	3.5
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9330954	3927255	767014	329863	771170	337418	9584281	3.3
Paper, Paperboard & Products	8948073	3946084	742581	332746	747518	339278	9268002	4.2
Paper & Paperboard, Only	8877742	3824684	734597	321578	740736	329096	9186534	4.0
Paper, Total	8662094	3762205	723171	318533	728858	325896	9035878	4.9
Newsprint	7681341	3224596	636751	273073	639466	279823	8066969	4.9
Printing, Writing & Rel. Pap.	852879	457438	72081	37566	75452	38342	803613	0.4
Pack. & Ind. Conv. Paper	101131	59408	9907	5086	10349	5350	113682	13.9
Special Industrial Paper	3232	5437	213	354	213	357	3074	-7.0
Tissue Paper	23512	15326	4220	2455	3378	2025	48541	203.9
Paperboard, Total	215648	62479	11425	3045	11878	3200	150656	-32.4
Convtd Paper&Paperbd Products	70331	121401	7984	11168	6782	10182	81468	23.2
Wet Machine Board	2098	1426	184	123	189	126	2141	-5.3
Construction Paper & Board	451113	101146	32234	8162	30245	8197	395607	-10.5

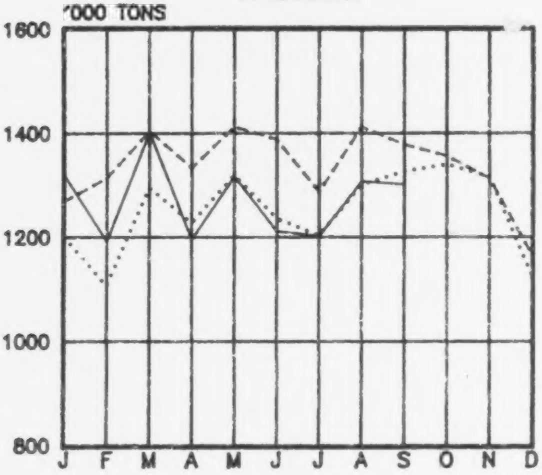
EXPORTS TO CANADA

	YEAR 1984 Tons	YEAR 1984 $000's	JULY 1985 Tons	JULY 1985 $000's	AUG. 1985 Tons	AUG. 1985 $000's	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	95117	5698	3027	179	5807	269	43053	-45.5
Pulpwood chips	28445	1544	6282	419	8772	523	85531	168.3
Wood Pulp, Total	180850	82653	18217	7331	22150	8397	209504	24.2
Cotton Pulp & Other Pulp	10474	6605	631	407	1697	628	11468	3.4
Waste Paper	325712	37937	17120	1901	17683	1748	226536	-33.2
Paper, Board & Products, Total	756499	524570	48827	32358	59849	40477	727058	-6.8
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	569696	358082	33744	20757	46421	26289	560765	-1.9
Paper, Paperboard & Products	726888	511454	46975	31560	58127	39630	703049	-6.0
Paper & Paperboard, Only	540085	344966	31892	19958	44699	25442	536756	-0.5
Paper, Total	296791	245610	16424	13413	23805	18127	287294	-7.1
Newsprint	4493	3678	198	194	603	375	3603	-29.6
Printing, Writing & Rel. Pap.	137839	125802	7946	6788	9581	8510	143198	3.0
Pack. & Ind. Conv. Paper	46661	26918	2540	1202	3160	2106	45308	-3.4
Special Industrial Paper	104039	85328	5590	5023	10164	6813	92341	-19.9
Tissue Paper	3758	3883	151	206	298	323	2844	-3.9
Paperboard, Total	243294	99357	15468	6545	20894	7315	249462	8.3
Convtd Paper&Paperbd Products	186803	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wet Machine Board	5312	3707	358	285	446	351	5383	-0.3
Construction Paper & Board	24299	9409	1493	513	1276	496	18626	-30.1

SOURCE: Bureau of Census, Department of Commerce E - Estimate of tonnage based on square foot data 15-Oct-85

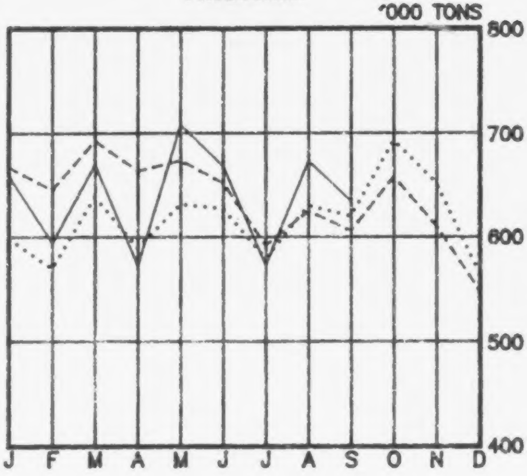
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



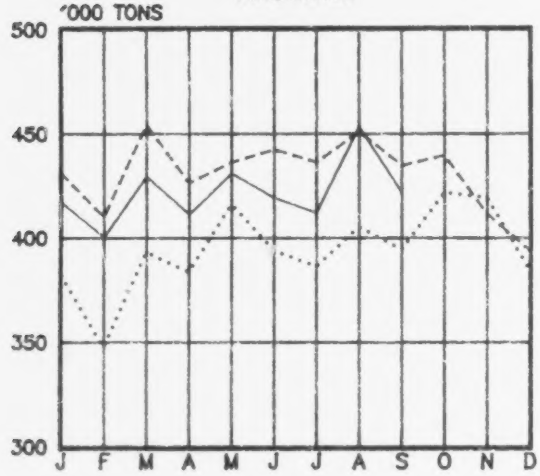
RECYCLED PAPERBOARD

PRODUCTION



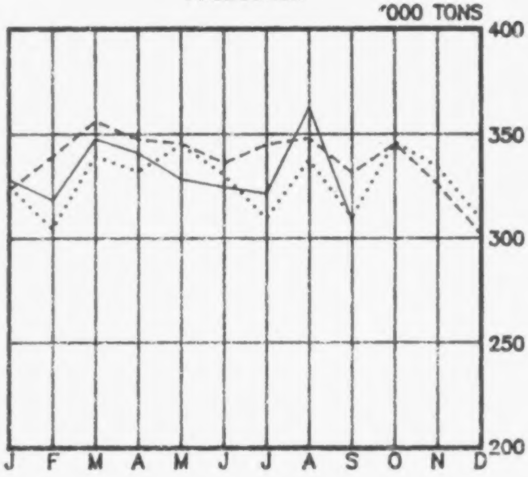
SEMICHEMICAL PAPERBOARD

PRODUCTION



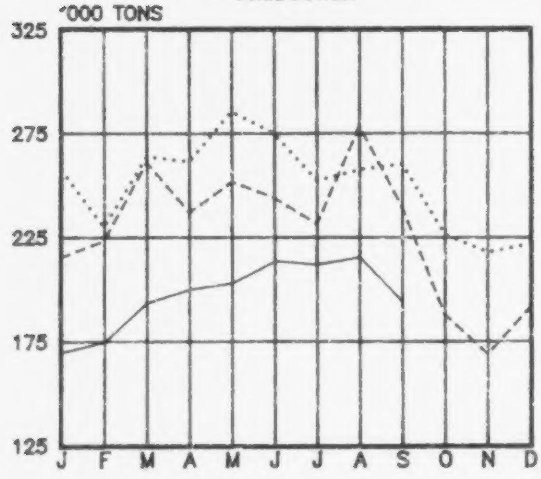
SOLID BLEACHED PAPERBOARD

PRODUCTION



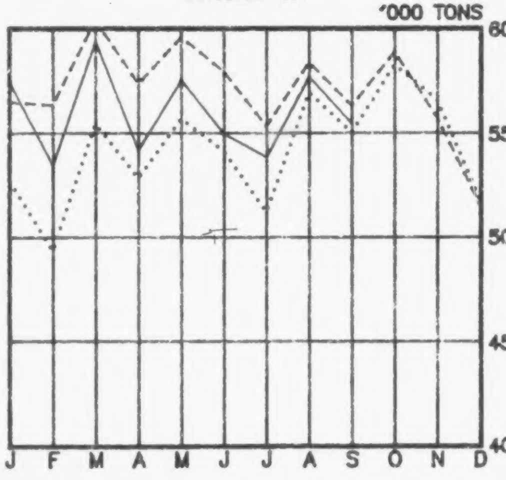
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1983 ········ 1984 - - - - -1985 ————

I M P O R T S

	YEAR 1984 Tons	YEAR 1984 $000	JULY Tons	JULY $000	AUG. Tons	AUG. $000	(1) Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood Roundwood (cords)	207733	10615	293	149	900	546	44417	-75.7
Pulpwood Chips	2062545	45396	70891	2242	43581	1259	828716	-63.8
Total All Imports	15739471	7204351	1324211	587553	1315235	586397	16187401	3.3
Wood Pulp Total	4490081	1844768	391852	126377	387297	127666	4546335	3.5
Waste Paper	109712	11692	5552	648	10240	867	85593	-21.9
Other Fibrous Materials	64367	24097	7406	2337	7259	2492	97003	34.5
Paper Board & Products Total	11075312	5323794	919401	458192	910439	455372	11458471	3.3
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	10854312	4781475	895473	403574	888570	406662	11198207	3.0
Paper Ppbd & Prds ex Cnst&WMB	10575656	5207697	879527	447305	872908	444672	10998719	3.8
Paper & Paperboard Only	10354656	4665378	855599	392686	851040	395962	10738455	3.4
Paper Total	10112041	4591486	841449	388451	837480	391809	10561486	4.3
Newsprint	7893877	3299570	668377	285769	671848	292536	8419389	6.4
Printing & Writing	2042368	1168989	153240	89217	148186	87992	1923534	-5.7
Uncoated Groundwood	1090049	548791	83169	42302	82412	42646	1032116	-3.9
Coated Print.& Impreg. Pap.	428274	295844	36881	27149	35276	27862	525518	32.4
Uncoated Free Sheet	476950	284057	31092	17918	28869	15611	340073	-34.0
Uncoated Book	254926	156296	17269	8423	15422	8151	184706	-27.3
Writing and Similar Paper	222024	127761	13823	9495	13447	7460	155367	-40.5
Thin (except Cigarette)	46427	39513	1924	1738	1503	1745	24633	-53.9
Bristols	667	784	174	109	127	128	1193	78.8
Total Pkg & Other Paper	145484	102565	14139	10097	13760	9001	162448	7.1
Unbleached Kraft Paper	42854	19568	5142	1902	6378	2311	51621	10.9
Other Pkg. & Indust. Paper	102629	82997	8997	8196	7382	6689	110827	5.4
Tissue	30312	20362	5694	3368	3686	2280	56115	154.0
Paperboard, Total	242615	73892	14150	4236	13560	4153	176969	-30.6
Test or Containerboard	70028	22218	2870	904	4197	1383	50496	-31.5
Semi-Chemical Corrugating	103968	26098	5024	1012	4956	936	62553	-42.0
Other Paperboard	68620	25576	6256	2319	4407	1834	63920	-13.2
Convtd Paper&Paperbd Products	221000	542319	23928	54618	21869	48710	260264	21.8
Paper Products, Total	186199	474151	22061	50336	20308	45516	236629	31.4
Paperboard Products, Total	34800	68168	1867	4283	1561	3194	23634	-29.5
Wet machine Board	2826	2017	263	298	311	232	3291	6.1
Construction Paper & Board	496830	114080	39612	10590	37220	10468	456461	-6.4
Notes								
Other: No Weight Avail. ($000)		195737		20580		16716	213287	9.8
Total Imports Incl. Other($000)		7400088		608133		603114	7495099	3.1

E X P O R T S

	YEAR 1984 Tons	YEAR 1984 $000	JULY Tons	JULY $000	AUG. Tons	AUG. $000	(1) Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood, Roundwood (cords)	95441	5714	3027	179	5807	269	43616	-45.1
Pulpwood Chips	2325213	164058	183915	13767	216272	15218	2313048	-2.5
Total All Exports	11300450	4524778	916910	320272	381096	342510	11362564	-0.3
Wood Pulp,Total	3593585	1501948	334007	113828	303132	106595	3851484	5.2
Cotton Pulp and Other Pulp	84883	63545	9521	7843	14092	10339	104541	16.5
Waste and Old Paper	3235441	408128	257459	25445	303150	33008	3341241	7.2
Paper, Board & Products,Total	4386541	2551157	315923	173156	360722	192568	4065298	-10.2
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3818804	1789129	277424	121364	317092	132389	3550282	-9.7
Paper, Ppbd & Prod ex Cnst&WMB	4308873	2507184	311007	170251	356358	190011	4000826	-10.0
Paper & Paperboard, Only	3741136	1745156	272508	118459	312728	129832	3485810	-9.4
Paper, Total	810547	632490	53198	40297	68292	50083	794482	-3.1
Newsprint	306198	133964	22092	9213	25158	10235	314157	3.7
Printing & Writing	203156	219922	11367	12558	17822	17729	205344	-0.2
Uncoated Groundwood	30405	28875	1625	1524	4924	3300	39044	37.2
Clay Coated Paper	85714	71365	3755	3201	6644	5495	76600	-15.0
Uncoated Free Sheet	65410	87255	4251	5631	4950	6121	68981	6.0
Other Printing & Writing	21627	32427	1736	2202	1304	2814	20720	-6.2
Total Pkg. & Other Paper	284185	259323	19014	17371	23891	20683	254955	-13.2
Unbleached Kraft	106712	44382	6868	3081	6700	2702	74255	-33.1
Other Pkg. & Indust. Paper	177473	214941	12146	14291	17191	17980	180700	-1.2
Tissue	17009	19281	726	1154	1421	1436	20026	12.9
Paperboard, Total	2930588	1112666	219310	78162	244436	79749	2691328	-11.1
Solid Wood Pulp	2761732	1040239	207066	73031	227008	73170	2480244	-13.8
Total Linerboard	2058034	628531	144738	38512	171903	43253	1769579	-17.6
Bleached Kraft Linerboard	141367	57788	11212	3929	7305	2809	115450	-9.7
Unbleached Kraft Linerbd	1916667	570743	133527	34583	164598	40445	1654129	-18.1
Other Unbleached Kraft	110878	51270	14100	4121	10986	4676	117887	-5.4
Other Bleached Kraft	543209	348218	45896	29849	39576	24038	538783	-4.8
Semi-Chemical Corrugating	49612	12220	2331	549	4543	1203	53995	38.9
Recycled Paperboard	168856	72427	12245	5131	17428	6579	211084	40.1
Convtd Paper&Paperbd Products	567737	762028	38499	51792	43630	60179	515016	-13.6
Paper Products, Total	286403	516149	22504	36242	19581	41109	252812	-18.3
Paperboard Products, Total	281334	245879	15995	15551	24050	19070	262204	-8.5
Wet Machine Board	13782	7335	582	369	711	494	12370	-12.9
Construction Paper & Board E	63887	36638	4334	2536	3654	2064	52102	-24.6
Notes								
Other: No Weight Avail. ($000)		8843		522		634	6716	-26.4
Total Exports Incl. Other($000)		4533621		320793		343144	4156973	-9.4

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.

(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES

1967 = 100

	1983	1984	JUNE	JULY	AUG.	SEPT.	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	271.4	292.9	292.9	291.9	289.8	289.2	293.6	0.9
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	273.3	293.8	295.5	294.5	292.3	291.9	295.9	1.4
Total Wood Pulp	347.1	395.0	346.1	345.5	338.4	337.0	351.5	-10.9
Total Paper	282.3	303.2	304.7	304.0	303.7	303.3	304.4	0.9
Total Paper, exc. Newsprint	277.0	301.2	300.1	300.2	300.1	299.1	299.8	-0.2
Newsprint	303.0	324.1	333.7	333.0	334.9	333.9	333.6	4.4
Total Paperboard	250.8	280.6	276.1	273.2	266.3	266.6	279.0	0.9
Total Paper and Paperboard *	272.4	296.1	295.8	294.3	292.0	291.8	296.4	0.9
Converted Products	265.4	280.7	289.0	288.3	286.7	286.2	288.8	3.7
Waste Paper	158.6	240.1	141.6	141.6	141.4	129.5	156.2	-36.6
All Commodities	303.1	310.4	309.5	309.0	307.2	305.8	308.7	-0.6
Industrial Commodities	315.7	322.6	325.2	324.3	323.6	322.5	323.7	0.4

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API 30-Oct-85

Paper and Allied Products Companies

Sales and Earnings

	Sales			Net Profit After Taxes			Earnings/Sales	
	1985	1984	Change 85/84	1985	1984	Change 85/84	1985	1984
	(Million Dollars)		%	(Million Dollars)		%	%	%
25 Paper and Allied Products Companies								
First Quarter	9,385	9,210	1.9	375.8	396.5	-5.2	4.0	4.3
Second Quarter	9,731	9,919	-1.9	416.9	557.7	-25.2	4.3	5.6
Third Quarter	9,515	9,658	-1.5	225.5	537.9	-58.1	2.4	5.6
First Three Qtrs.	28,631	28,787	-0.5	1,018.2	1,492.1	-31.8	3.6	5.2
3 Forest Products Companies								
First Quarter	2,939	2,846	3.3	89.4	89.8	-0.4	3.0	3.2
Second Quarter	3,279	3,220	1.8	128.5	190.5	-32.5	3.9	5.9
Third Quarter	3,126	3,234	-3.3	68.6	140.7	-51.2	2.2	4.4
First Three Qtrs.	9,344	9,300	0.5	286.5	421.0	-31.9	3.1	4.5
4 Paper Related Companies								
First Quarter	19,276	18,861	2.2	499.1	622.2	-19.8	2.6	3.3
Second Quarter	18,451	18,806	-1.9	556.2	578.0	-3.8	3.0	3.1
Third Quarter	18,695	19,167	-2.5	42.3	498.1	-91.5	0.2	2.6
First Three Qtrs.	56,422	56,834	-0.7	1,097.6	1,698.3	-35.4	1.9	3.0
2 Canadian Companies								
	(Canadian Dollars)			(Canadian Dollars)				
First Quarter	993	866	14.7	43.0	22.4	92.0	4.3	2.6
Second Quarter	1,107	1,026	7.9	45.5	48.6	-6.4	4.1	4.7
Third Quarter	1,071	936	14.4	47.8	36.2	32.0	4.5	3.9
First Three Qtrs.	3,171	2,828	12.1	136.3	107.2	27.1	4.3	3.8

Continued from page 2

PAPERBOARD: Total paperboard production in the first nine months of 1985 was 4.0% below its comparable year-ago level. Much of the decline can be traced to the production-for-export total; at 2.4 million tons per year the January-September rate was 18.6% below its comparable 1984 level (see page 3).

Inventories of containerboard at paperboard mills and box plants, which had been a major concern during the past twelve months, now appear to be moving back to levels consistent with current requirements. As of October 1, 1984 inventories of containerboard at mills and boxplants were equivalent to 6.9 weeks of supply. By Jan. 1, 1985 they had climbed to 8.4 weeks of supply, and held near that level throughout the first quarter. In tonnage terms, the 3.0 million tons total reached at the end of the first quarter -- equivalent to 8.1 weeks of supply -- was the peak. For the next few months production of containerboard was reduced by shutdowns. The latest inventory figure, for October 1, 1985, show the total down by about 500,000 tons from the April 1 peak, equivalent to 6.2 weeks of supply (See Industry Data Sheet).

Total production of containerboard for domestic use in the first nine months of 1985 was 3.4% below the comparable 1984 level. In that same period, shipments of fibre boxes were down by only 1.8%. Equally important, the seasonally adjusted rate of shipments in each of the past four months -- June through September -- was close to the 265 billion sq. ft. per year, which compares well with the 267.5 billion sq. ft. shipped in all of 1984.

Boxboard production is much less affected by exports, and the nine-month 1985 total was down only 1.7%. Production of packaging boxboard for domestic use was off by 1.5%. Among the major grades, solid bleached folding boxboard was off 4.4%, while recycled folding boxboard was up by 0.9% and milk carton and food service board was almost equal to its year-ago total.

Continued on page 12

SALES AND EARNINGS

Data on sales for 25 paper and allied products as reported in the press show their third quarter 1985 total at 1.5% below the comparable 1984 figure and their nine-month total down by 0.5%. These figures are comparable to the production and value data shown on the Industry Data Sheet that accompanies this report.

After-tax profits data for these same companies, however, were 58.1% below the comparable year-ago period in the third quarter of 1985 and down by 31.8% for the first three quarters of 1985 as whole. The margin on sales for these companies in the third quarter was thus down to 2.4%, compared to the more typical 5.6% reached in the third quarter of 1984. For the entire nine-month period, the 1985 sales margin averaged 3.6%, compared to 5.2% in the year-earlier period.

The table on page 10 shows the total sales and earnings for these 25 companies for the first three quarters of 1984 and 1985, together with data for 3 forest product companies, 4 other companies with major pulp and paper facilities and 2 Canadian pulp and paper companies.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

October 31, 1985

PRODUCTION (000 TONS)

	Sept. 85	Aug. 85	Sept. 84	Jan. - 85 -	Sept. 84	% Change 85/84
PAPER GRADES	P	R				
Newsprint	447	456	457	4103	4180	-1.8
Printing & Writing	1467	1559	1466	13803	13822	-0.1
Uncoated Groundwood (s)	123	134	123	1102	1192	-7.6
Coated Paper (s)	437	484	497	4462	4659	-4.2
Uncoated Free Sheet Paper (s)	793	830	733	7234	6933	4.3
Thin Paper (s)	22	23	22	209	209	0.0
Cotton Fiber Paper (s)	12	12	12	107	111	-4.0
Bleached Bristols (s)	80	75	78	690	718	-4.0
Tissue Paper	392	413	413	3677	3646	0.8
Total Pkg & Other Paper	468	440	452	3930	4273	-8.0
Unbleached Kraft Packaging & Indl. Converting (s)	315	281	302	2577	2809	-8.3
Other Paper *	153	159	150	1353	1464	-7.6
TOTAL PAPER	2774	2869	2788	25512	25920	-1.6
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1407	1413	1472	12360	13100	-5.6
Unbleached Kraft Linerboard	1301	1307	1378	11448	12201	-6.2
Other Unbl. Kraft Paperboard	106	106	94	912	899	1.5
Semichemical Paperboard	422	453	435	3796	3924	-3.2
Bleached Paperboard	309	363	332	2981	3074	-3.0
Recycled Paperboard	634	673	606	5751	5819	-1.2
TOTAL PAPERBOARD	2772	2903	2844	24888	25917	-4.0
TOTAL PAPER AND PAPERBOARD	5545	5772	5632	50401	51837	-2.8

WOOD PULP (ALL GRADES)	Aug. 85	July 85	Aug 84	Jan. - 85 -	Aug. 84	% Change 85/84
Dissolving & Special Alpha	77	87	109	799	843	-5.2
Bleached Sulfite	113	109	116	919	924	-0.6
Unbleached Sulfite	16	15	21	142	187	-23.7
Bleached & Semi-Bl. Sulfate	1881	1906	1953	15055	14884	1.1
Unbleached Sulfate	1655	1595	1836	13000	14060	-7.5
Semichemical	348	332	339	2721	2749	-1.0
Groundwood & Thermomechanical	427	447	470	3555	3715	-4.3
TOTAL PULP DIVISION DATA	4518	4492	4843	36192	37363	-3.1

(s) - Shipments
P - Preliminary
R - Revised

October 31, 1985	Full Year		INDUSTRY DATA 1985			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1983	1984	July	Aug	Sept	1985	
Total Production (API).......: excluding :...	65000	68457	5384	5772	5545	67201	-2.8
Total Seasonally Adjusted....:construction:...			5642	5605	5596	66887	-2.5
Imports (including Products).: and wet :...E	8509	10576	880	873	870	10937	2.7
Exports (including Products).: machine :...E	4501	4309	311	356	340	4010	-10.4
Apparent Consumption.........: grades :...	69008 a	74724 b	6210	6122	6126	73814 c	-1.3
Paper Production % Tonnage Capacity...........	92.0 g	93.4 g	84.8	88.0	88.2	90.3 gh	-
Paperboard Production % Tonnage Capacity......	90.8 g	94.8 g	83.2	92.1	91.5	91.1 g	-
			June	July	Aug		
IMPORTS.....:Including Construction and :...	8985	11075	934	919	910	11458	3.3
EXPORTS.....: WMB Grades (excl. HPB) :...	4568	4387	374	316	361	4065	-10.2
MARKET WOOD PULP PRODUCTION - Tons (000).........	6478	6891	568	590	541	6872	-0.1
TOTAL WOOD PULP PRODUCTION - Tons (000)..........	52537	55548	4456	4492	4518	54284	-3.1
WOOD PULP IMPORTS - TONS (000)...................	4093	4490	384	392	387	4546	3.5
WOOD PULP EXPORTS - TONS (000)...................	3644	3594	372	334	303	3852	5.2
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			June	July	Aug		
Wood Pulp............:consumption for:.....	51434	54664	4369	4426	4500	53432	-3.0
Waste Paper..........:construction & :.....	14696	16015	1264	1212	1294	15197	-4.4
TOTAL..........: WMB grades :.....	66130	70679	5633	5638	5794	68629	-3.3
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	83608	87646	6943	7022	6925	85733	-2.7
EMPLOYMENT (000)			July	Aug	Sept		
Paper and Allied Products..........Total......	661.6	682.3	685.6	686.9	684.2	682.4	0.1
Pulp, Paper and Board Mills........Total.....E	258.2	263.9	257.5	257.6	254.2	258.6	-2.0
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	9.94	10.44	10.91	10.86	10.89	10.77	3.8
Pulp, Paper Mills.............................E	11.70	12.45	13.27	13.25	13.31	13.02	5.5
Paperboard Mills..............................E	12.11	12.99	13.75	13.62	13.67	13.48	4.7
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q1	1985 Q2	1985 Q3		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	5.92	7.21	7.76	8.10	8.22	8.21y	13.9
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			July	Aug	Sept		
:IN PULP, PAPER :...Production Workers..........	118.0	119.9	116.2	124.5	119.1	120.4	-0.3
:AND BOARD MILLS:...All Employees...............	115.8	118.2	115.0	123.4	118.6	119.0	-0.2
PAPER AND ALLIED PRODUCTS (Million $)			June	July	Aug		
Industry Shipments (Dept. of Commerce)*........	85662	95990	8131	8135	8090	97308	2.1
Pulp, Paper and Paperboard*..................	36346	41539	3369	3464	3521	41774	0.9
Inventories (End of Period) - Total Industry*..	8729	9701	9678	9533	9650	9650	0.5
Pulp, Paper and Paperboard*..................	3263	3662	3774	3760	3695	3695	4.1
			1984 Q4	1985 Q1	1985 Q2		
Sales (Corporations Only)......................	65008	71891	17642	17797	18262	72118	-0.3
Earnings (Corporations Only)...................	2327	3015	493	718	874	3184	1.3
Depreciation (Corporations Only)...............	2607	2798	700	765	761	3052	9.6
Net Worth (Corporations Only)..................	27219	28160	28160	29241	29797	29797	5.9
PRICE INDEXES (Bureau of Labor Stats)1967=100			July	Aug	Sept		
Pulp, Paper & Products, ex. Building Grades....	271.4	292.9	291.9	289.8	289.2	293.6	0.9
Wood Pulp......................................	347.1	395.0	345.5	338.4	337.0	351.5	-10.9
Waste Paper....................................	N.A.	240.1	141.6	141.4	129.5	156.2	-36.6
Paper..	282.3	303.2	304.0	303.7	303.3	304.4	0.9
Paperboard.....................................	250.8	280.6	273.2	266.3	266.6	279.0	0.9
PAPER DEMAND (INDEXED: 1977=100)			July	Aug	Sept		
Total Paper Production *.......................	118.6	124.1	126.3	120.9	122.1	122.8	-1.4
Paper New Supply *.............................	123.3	127.7	130.2	125.2	126.2	128.1	.0
Demand Indicators - (Weighted Average) *.....	123.0	136.7	142.0	142.1	141.8	141.3	4.0
Production of Nondurable Goods *...(21.2%).	113.7	122.5	125.7	125.7	125.9	124.7	2.1
Disposable Income ....*.(23.9%)	116.1	124.0	126.4	126.7	126.8	126.6	2.6
Total Printing and Publishing *...(54.9%).	129.6	147.8	155.0	155.1	154.5	153.8	4.9
Trend Factor				Not Available			
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.................	111.3	117.4	108.7	120.3	114.9	114.6	-2.7
Production for Domestic Use	107.5	115.4	106.6	118.9	114.0	113.6	-2.6
Demand Indicators - (Weighted Average) *.....	107.9	118.3	119.6	120.3	120.1	119.8	1.5
Production of Consumer Goods *...(62.06%)	109.3	118.2	120.0	120.9	120.6	119.9	1.7
Production of Equipment *...(5.75%)	121.7	140.5	147.2	148.6	148.6	146.8	5.7
Production of Materials *...(32.19%)	102.8	114.6	113.9	114.2	114.2	114.7	.0
Trend Factor				Not Available			
NEWSPRINT MARKETS			June	July	Aug		
Consumption by Publishers - Tons (000).........	11671	12612	1062	976	1036	12393	1.0
Newspaper Pub. and Printing Empl. Total(000)...	421.6	443.0	454.0	454.2	450.0	450.8	2.5
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)...........	141126	155351	12322	9468	10072	140824	-3.2
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	26532	31876	2782	2837	3001	34170	8.6
Inventories (End of Period).	2341	2724	2981	2932	3002	3002	15.7
FIBRE BOX DATA (Fibre Box Association)			July	Aug	Sept		
Fibre Box Shipments (Million square feet).......	252539	267549	22005	23159	22037	264407	-1.8
Container'bd Inventory at Mill & Plant(000Tons).	2437	2882	2821	2694	2535	2535	-6.2
RETAIL TRADE (Million $)			June	July	Aug		
Total Retail Sales *...........................	1171915	1291835	113730	114417	117040	1213792	6.4
Nondurable Goods Stores Sales *...............	793398	841417	71666	72076	72770	764651	2.8
GENERAL ECONOMIC DATA			July	Aug	Sept		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	109.2	121.8	124.4	124.8	124.7	124.2	2.4
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	303.1	310.4	309.0	307.2	305.8	308.7	-0.6
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	298.4	311.1	322.8	323.5	324.5	320.8	3.6
			June	July	Aug		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	387.9	461.0	497.4	503.8	513.0	513.0	15.7
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q1	1985 Q2	1985 Q3		
G.N.P. or Expenditure - Current $..............	3304.8	3662.8	3810.6	3853.1	3909.7	3857.8	8.6
G.N.P. or Expenditure - 1972 $.................	1534.7	1639.3	1663.5	1671.6	1682.9	1672.7	3.8

	lb/capita			
	Pap&Papbd	Othr	Totl	Popul(mil)
.a -	589 +	18 =	607	234.2
.b -	631 +	18 =	649	234.9
.c -	627 +	18 =	645	234.9

.E - Last month estimated by API
.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
P - Preliminary
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted

A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 63 - No. 11 NOVEMBER 1985

PAPER AND PAPERBOARD MARKETS: A CURRENT PERSPECTIVE

The major markets for paper and paperboard moved along a moderate uptrend during 1985. Printing and publishing activity, which consumes 13.5 million tons per year of newsprint and a large part of the 20 million tons per year of printing and writing papers used, rose at the rate of 3.5% per year from December 1984 to October 1985. Production of consumer goods -- the major market for paper and paperboard packaging materials -- rose at a 2.1% per year rate during this period, while the production of equipment and parts, another market for paperboard packaging, rose 3.3% per year. Real gross national product, a good measure of total paper and paperboard usage, rose at the rate of 2.1% per year from the fourth quarter of 1984 to the third quarter of 1985.

While these trends in market activity offered support to paper and paperboard production in this period, inventory changes at all levels, from the mill to the converter to the final users, together with trends of imports and exports, also affected patterns of production. Inventories of containerboard at mills and box plants moved up sharply during late 1984 and early 1985, peaking at the end of the first quarter at 3.0 million tons, equivalent to 8.1 weeks of supply. By the end of October 1985 these inventories had been reduced to 2.5 million tons, equivalent to 5.9 weeks of supply, about the same as the 6.2 weeks of supply held a year earlier.

Production of printing-writing papers in 1985 reflected the effects of inventory increases at mills, particularly in the second quarter of the year, as well as gyrations in the level of inventories held by printers.

The high value of the dollar in international markets also had a strong negative effect on domestic paper and paperboard production, with imports of coated papers, for example, continuing a strong uptrend, and exports of kraft linerboard moving well below year-earlier levels.

Continued on Page 2

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Continued from Page 1

PAPER AND PAPERBOARD PRODUCTION: CURRENT TRENDS

The production of paper and paperboard appears to be moving to a 66.8 million tons total in 1985. This would be 2.4% below the record high established in 1984 but nearly 3% above the earlier high of 65 million tons established in 1983. The seasonally adjusted rate of production moved down from its first quarter 1985 peak of 67.7 million tons per year to 65.5 million tons per year in the second quarter; the decline reflected shutdowns of linerboard mills to reduce inventories. The production rate recovered to 67.4 million tons per year in the third quarter. Weekly data indicate that paper and paperboard production held at its third quarter rate during November pointing to the estimate of 66.8 million tons total noted above for all of 1985.

The trends of production during the course of the year are best measured by the seasonally adjusted data. The Economics Department has computed seasonal factors for all major grades of paper and paperboard, utilizing the Bureau of Census X-11 computer program. The lower table on page 10 shows the 1985 seasonally adjusted data for output of the major grades of paper and paperboard. The totals and sub-totals presented in this table are the sums of the appropriate grades. The totals for paper and paperboard based on the sum of the parts differ slightly from the figures based on the seasonal factors computed for total production. The seasonally adjusted trends for both sets of data are, however, essentially the same.

Paper: Production of paper followed a relatively flat trend during 1985, with the quarterly rates holding near the 33.9 million tons indicated for all of 1985.

Newsprint production in 1985 will probably be slightly above 5.4 million tons, second only to the record 1984 high of 5.5. million tons. The November 1985 capacity survey showed total U.S. capacity in 1985 at 5.8 million tons. Newsprint consumption, as measured by domestic production plus imports less exports as reported by the Bureau of Census (see table on page 9), will probably amount to 13.5 million tons, about 3% above the 13.1 million tons of new supply available in 1984. Newsprint imports, mainly from Canada but supplemented by imports from other countries as well, were about 7% above their 1984 total, for a gain of about 600,000 tons.

The seasonally adjusted rate of printing and writing paper shipments paralleled that of the total industry, easing down by 2% from its first quarter 1985 peak of 18.6 million tons per

Continued on Page 11

PAPER AND PAPERBOARD STATISTICS

PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

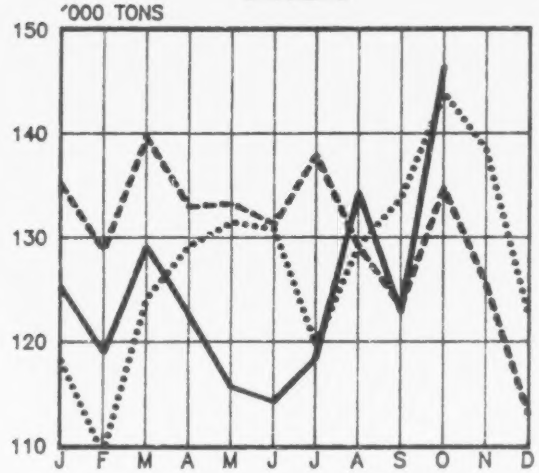
	YEAR 1983	YEAR 1984	JULY 1985	AUG. 1985	SEPT. 1985	OCT. 1985	Annual Rate Y-T-D 1985	% Change From same Period Last Year
PAPER								
Newsprint - Production	5167	5539	458	456	447	449	5462	-2.1
- Shipments	5153	5584	445	454	446	463	5443	-3.2
Printing & Writing sum	17370	18403	1483	1559	1462	1613	18494	-0.2
Groundwood Paper - Shipments	1531	1565	119	134	123	147	1498	-5.9
- New Orders	1581	1575	124	124	129	169	1523	-6.1
-Unfilled Orders	145	140	117	103	111	135	135	-12.9
Coated Papers - Shipments	5716	6249	470	484	437	481	5931	-5.2
- New Orders	5864	6281	452	448	459	514	5778	-7.8
- Unfilled Orders	513	575	423	385	424	455	455	-17.0
Unctd Free Sheet - Shipments	8780	9207	792	830	793	870	9724	4.6
- New Orders	9076	8939	761	808	783	905	9743	8.4
- Unfilled Orders	687	430	442	423	423	462	462	5.8
Thin Papers - Shipments	280	275	20	23	22	24	280	0.0
Cotton Fiber Paper - Shipments	133	147	10	12	12	12	143	-4.1
Bleached Bristols - Production	931	959	72	75	76	80	917	-5.2
Tissue Paper - Production	4789	4921	407	413	394	432	4932	0.7
Total Packaging & Other Paper	5497	5555	413	441	468	450	5254	-7.7
Unbl. Kraft Paper - Shipments	3666	3666	280	281	315	289	3439	-8.2
Other Paper - Production	1832	1889	133	160	153	161	1815	-6.6
TOTAL PAPER-Production-Unadj. *	32823	34417	2762	2870	2771	2944	34143	-1.6
-Production-S.A. *			2916	2791	2816	2808	33987	-1.3
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	24779	26403	2049	2230	2137	2185	25587	-4.5
Unbl. Kraft Linerboard (1)	15001	16037	1203	1304	1301	1316	15313	-5.9
Production for Export	2281	2086	154	164	145	152	1738	-21.0
Other Unbl. Kraft Paperboard	1121	1149	113	109	106	89	1205	1.6
Semichemical Paperboard	4731	5169	412	453	422	447	5092	-2.8
Production for Export	193	149	23	19	16	20	188	28.5
Solid Bleached Paperboard	3926	4048	321	363	309	333	3978	-3.1
Production for Export	515	478	35	39	32	36	453	-6.2
Recycled Paperboard	7398	7637	573	673	634	694	7733	-0.5
Production for Export	24	17	1	1	1	2	15	-4.2
TOTAL PAPERBOARD-Prod.-Unadj. *	32177	34039	2622	2903	2772	2879	33321	-3.6
- Containerboard Prod.(Dom. Use)	19173	20993	1596	1751	1727	1766	20450	-3.2
- Boxboard Prod.(Dom. Use) (2)	5551	5783	428	519	458	500	5771	-1.5
- All Other P'bd Prod.(D.U.) (2)	4441	4531	385	409	392	403	4705	-0.6
- Total Paperbd Prod. for Export	3012	2731	212	224	194	210	2394	-15.8
TOTAL PAPERBOARD PROD.- S.A. *			2726	2815	2777	2803	32939	-3.2
TOTAL PAPER AND PAPERBOARD Production - actual *	65000	68457	5384	5772	5543	5823	67463	-2.6
Production - S.A. *			5642	5606	5594	5610	66926	-2.3

(1)Includes all exports of kraft paperboard.
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.
* NOTE: Year 1984 contains one more day than year 1983 and 1985.

P	Preliminary
R	Revised
S.A.	Seasonally Adjusted

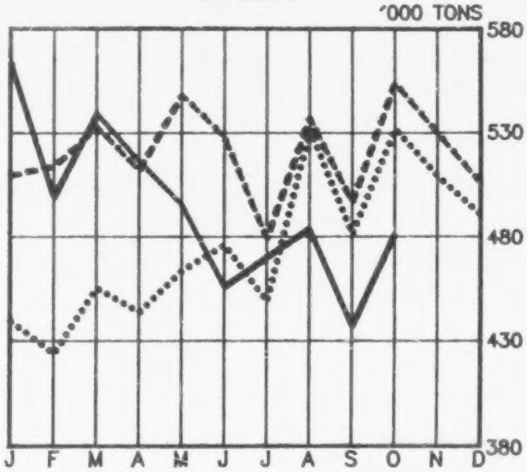
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



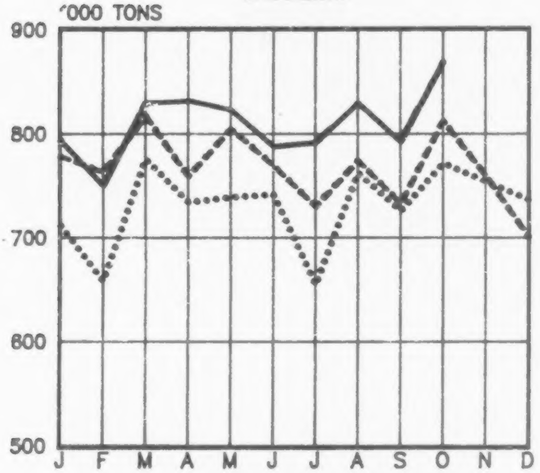
COATED PAPER

SHIPMENTS



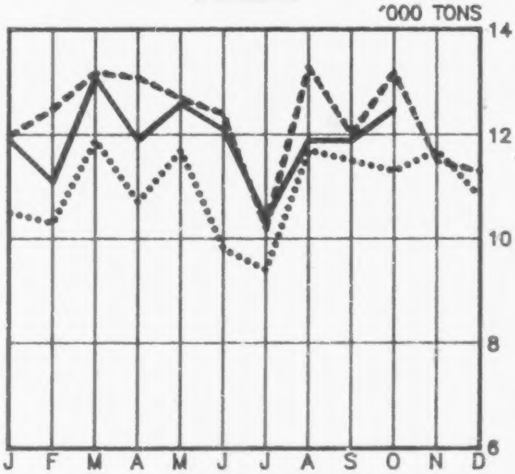
UNCOATED FREE SHEET PAPERS

SHIPMENTS



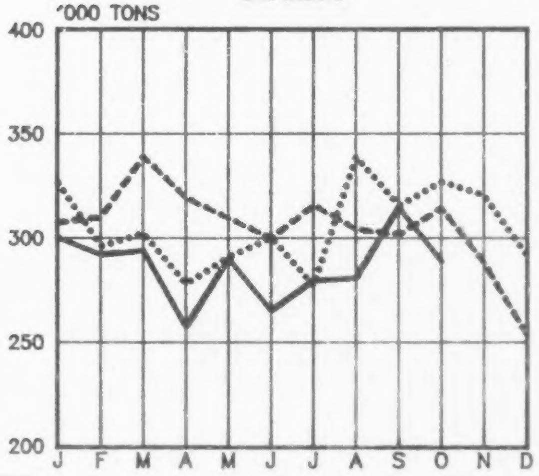
COTTON FIBER PAPER

SHIPMENTS



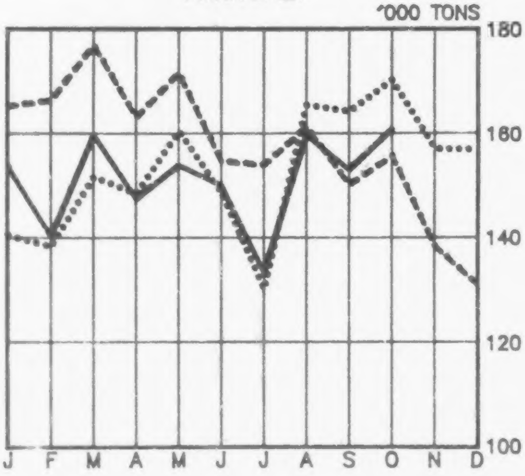
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1983 •••••••• 1984 — — — — 19 5 ———

WOOD PULP STATISTICS

(Thousands of Tons)

	YEAR 1983	1984	JUNE 1985	JULY 1985	AUG 1985	SEPT 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	52537	55548	4456	4492	4518	4432	54165	-3.1
- Imports	4093	4490	384	392	387	340	4495	1.7
- Exports	3644	3594	372	334	303	298	3820	5.2
- New Supply	52986	56445	4467	4550	4602	4474	54839	-3.3
Dissolving Pulp - Production	1261	1206	97	87	77	82	1175	-3.8
- Imports	192	161	10	18	11	23	176	5.0
- Exports	647	595	80	52	35	35	651	7.7
- New Supply	806	772	27	53	53	70	699	-10.7
Paper Grades Chemical Pulp - Production	42358	44732	3584	3626	3666	3603	43625	-3.1
- Imports	3706	4023	364	343	364	299	4110	3.5
- Exports	2958	2945	291	282	266	262	3146	5.8
- New Supply	43106	45810	3657	3688	3764	3640	44589	-3.1
Groundwood and Thermo-Mech. - Production	5067	5509	428	447	427	423	5304	-4.5
- Imports	195	306	10	31	12	17	210	-25.5
- Exports	40	54	1	1	2	1	24	-57.4
- New Supply	5222	5762	437	477	437	440	5490	-5.1
Semi-Chemical - Production	3851	4100	346	332	348	324	4061	-1.2
- Imports								
- Exports			- - - - - Included in Groundwood Pulp - - - - -					
- New Supply	3851	4100	346	332	348	324	4061	-1.2
MARKET WOOD PULP								
Total Market Wood Pulp - Production	6478	6891	568	590	541	518	6799	-0.5
- Imports	2945	2968	228	246	267	213	2813	-4.1
- Exports	3421	3511	375	274	312	305	3784	5.5
- New Supply	6002	6347	421	563	496	426	5827	-5.6
Dissolving Pulp - Production	1260	1197	97	87	77	82	1174	-2.9
- Imports	210	204	11	19	9	24	185	-13.1
- Exports	698	690	78	31	49	43	660	-6.2
- New Supply	772	710	30	75	36	63	699	-2.7
Paper Grades Chemical Pulp - Production	5206	5680	470	502	463	435	5611	0.1
- Imports	2698	2664	213	218	254	173	2542	-4.2
- Exports	2723	2821	297	242	263	263	3123	8.3
- New Supply	5181	5524	386	478	455	345	5030	-6.5
Groundwood Pulp and All Other - Production	12	13	1	1	1	2	13	2.0
- Imports	38	100	4	9	4	17	86	32.7
- Exports	0	0	0	0	0	0	1	0.0
- New Supply	49	113	5	10	5	18	98	26.5

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

FIBROUS RAW MATERIALS

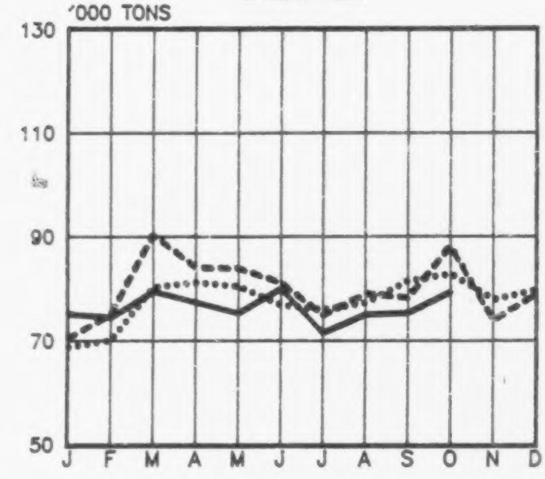
(Thousands of tons)

CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	66130	70679	5634	5639	5794	5610	68486	-3.3
Total Wood Pulp	51434	54664	4369	4426	4500	4359	53308	-3.1
Waste Paper	14696	16015	1264	1212	1294	1252	15178	-3.9
INVENTORIES								
Own Use Wood Pulp at Pulp Mills	170	174	192	186	180	184	184	15.0
Mkt Pulp at Pulp Mills (Paper Grades)	384	585	529	563	541	502	502	20.1
Mkt Pulp at Ppr. & Bd. Mills *	550	484	442	414	410	407	407	-24.3
Waste Paper at Paper &Bd. Mills	920	1025	985	1011	958	934	934	0.3
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	26	42	32	35	35	32	32	6.7

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

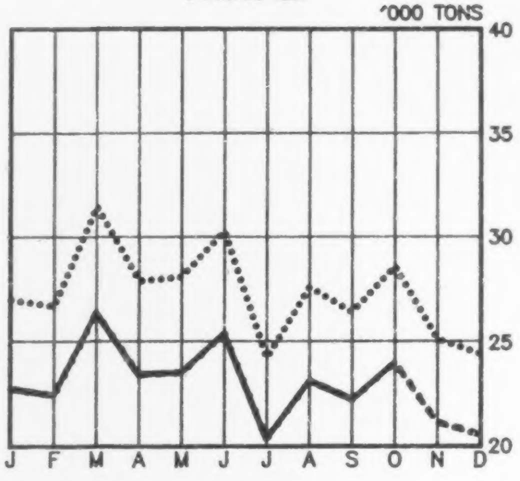
BLEACHED BRISTOLS

PRODUCTION



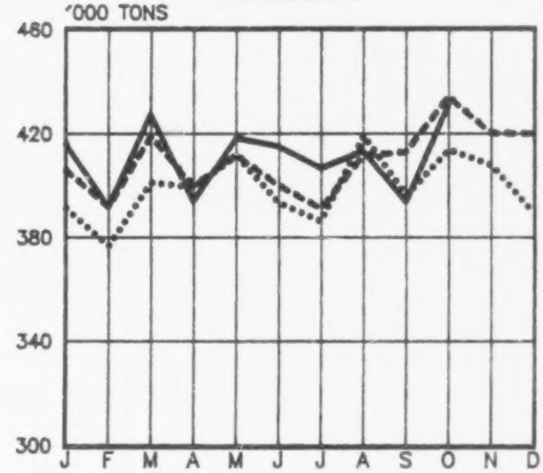
THIN PAPER

PRODUCTION



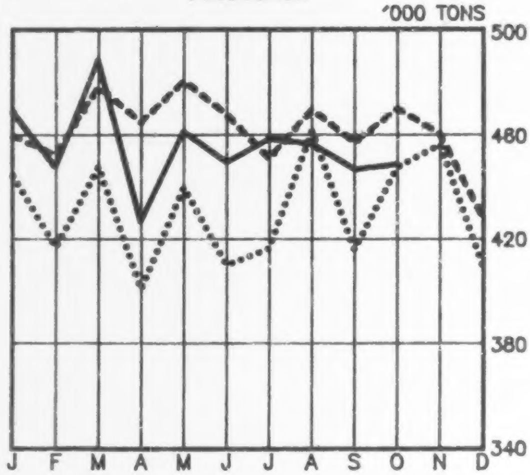
TISSUE PAPER

PRODUCTION



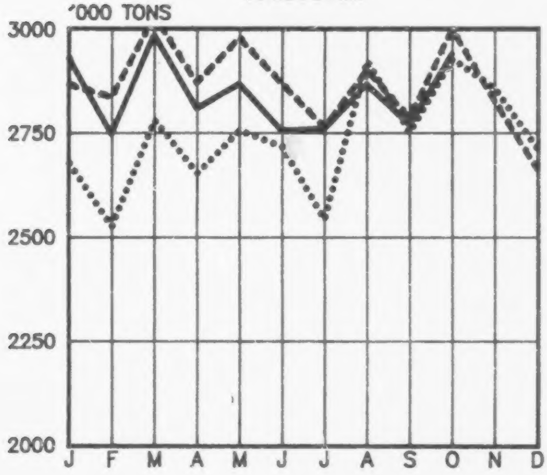
NEWSPRINT

PRODUCTION



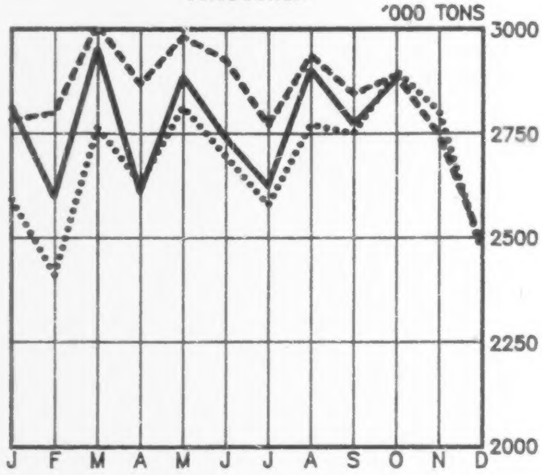
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1983 ········ 1984 - - - - - 1985 ———

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1983	1984	JUNE 1985	JULY 1985	AUG. 1985	SEPT. 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	84475	88876	6918	7003	6965	6913	85064	-4.4
	- Total Consumpt	85442	87646	6943	7022	6925	6904	85412	-2.9
	- Residues *	32755	32072	2520	2413	2566	2493	30305	-6.2
	- Inventories	5229	5574	4925	4881	4970	4958	4958	-1.3
So. Atlantic	- Total Receipts	25736	27654	2189	2215	2192	2252	27103	0.1
	- Total Consumpt	25847	27344	2252	2225	2198	2277	27388	1.3
	- Residues *	7904	8198	629	581	636	627	7667	-5.9
	- Inventories	1163	1444	1109	1086	1059	1044	1044	-10.2
Northeast	- Total Receipts	7051	7665	563	621	574	586	7336	-2.3
	- Total Consumpt	7274	7474	589	624	550	560	7464	-0.6
	- Residues *	1199	1501	141	110	110	126	1545	6.1
	- Inventories	577	590	442	409	425	445	445	-9.4
South Central	- Total Receipts	29409	30693	2461	2404	2425	2389	29781	-4.0
	- Total Consumpt	29152	30502	2514	2468	2458	2432	30028	-2.2
	- Residues *	9218	9059	779	711	768	734	9203	1.7
	- Inventories	1536	1304	1143	1148	1121	1149	1149	-3.1
North Central	- Total Receipts	6265	6872	554	530	557	518	6445	-8.2
	- Total Consumpt	6343	6563	518	502	522	492	6281	-6.2
	- Residues *	1822	1472	109	97	109	118	1335	-12.7
	- Inventories	851	906	854	871	903	895	895	3.3
West	- Total Receipts	16014	15992	1151	1233	1217	1168	14399	-11.8
	- Total Consumpt	16826	15763	1070	1203	1197	1143	14251	-11.3
	- Residues *	12612	11842	862	914	943	888	10556	-13.0
	- Inventories	1102	1330	1377	1367	1462	1425	1425	8.2

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 26-Nov-85

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1984 Tons	YEAR 1984 $000's	AUG. 1985 Tons	AUG. 1985 $000's	SEPT. 1985 Tons	SEPT. 1985 $000's	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	207520	10591	900	546	1141	691	27488	-85.3
Pulpwood chips	2061270	45353	43541	1256	80394	2030	842743	-62.5
Wood Pulp, Total	4059913	1678908	332550	111015	303416	99886	4036606	0.1
Waste Fibrous Materials, Total	151957	25187	11753	2332	12799	2451	155640	-1.2
Paper, Board & Products, Total	9401285	4048656	777952	347601	846943	367612	9721034	3.6
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9330954	3927255	771170	337418	837939	353869	9636613	3.4
Paper, Paperboard & Products	8948073	3946084	747518	339278	822505	360212	9334897	4.6
Paper & Paperboard, Only	8877742	3824684	740736	329096	813502	346469	9250477	4.4
Paper, Total	8662094	3762205	728858	325896	799141	342896	9097413	5.3
Newsprint	7681341	3224596	639466	279823	713986	298077	8122620	5.5
Printing, Writing & Rel. Pap.	852879	457438	75452	38342	69434	36655	806901	-1.5
Pack. & Ind. Conv. Paper	101131	59408	10349	5350	12717	5918	118007	17.4
Special Industrial Paper	3232	5437	213	357	288	512	3117	-8.3
Tissue Paper	23512	15326	3378	2025	2716	1735	46768	170.1
Paperboard, Total	215648	62479	11878	3200	14360	3573	153063	-30.6
Convtd Paper&Paperbd Products	70331	121401	6782	10182	9003	13743	84421	26.4
Wet Machine Board	2098	1426	189	126	203	145	2174	1.3
Construction Paper & Board	451113	101146	30245	8197	24235	7256	383963	-15.6

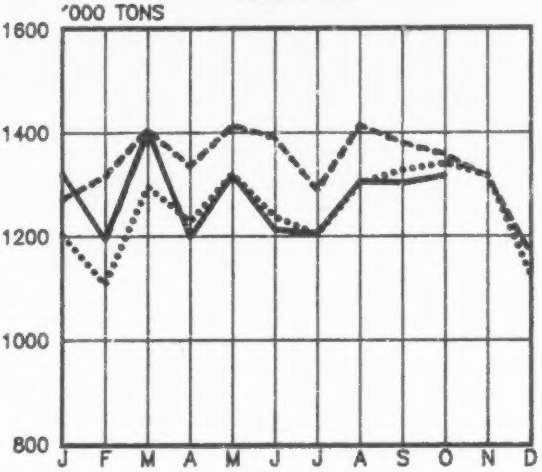
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	95117	5698	5807	269	4541	297	44324	-44.0
Pulpwood chips	28445	1544	8772	523	7473	369	86880	182.5
Wood Pulp, Total	180850	82653	22150	8397	15099	5891	206358	24.5
Cotton Pulp & Other Pulp	10474	6605	1697	628	1063	506	11611	5.4
Waste Paper	325712	37937	17683	1748	15729	1575	222337	-34.4
Paper, Board & Products, Total	756499	524570	59849	40477	61311	40446	728021	-3.8
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	569696	358082	46421	26289	47847	26635	562254	0.9
Paper, Paperboard & Products	726888	511454	58127	39630	59073	39421	703697	-3.0
Paper & Paperboard, Only	540085	344966	44699	25442	45610	25610	537929	2.2
Paper, Total	296791	245610	23805	18127	20124	17306	282203	-5.3
Newsprint	4493	3678	603	375	256	202	3544	-28.4
Printing, Writing & Rel. Pap.	137839	125802	9581	8510	8607	7758	138763	1.6
Pack. & Ind. Conv. Paper	46661	26918	3160	2106	2857	1738	44082	-3.1
Special Industrial Paper	104039	85328	10164	6813	7883	7200	92591	-14.1
Tissue Paper	3758	3883	298	323	521	409	3223	8.1
Paperboard, Total	243294	99357	20894	7315	25486	8304	255725	12.0
Convtd Paper&Paperbd Products	186803	166488	13428	14108	13464	13811	165768	-16.9
Wet Machine Board	5312	3707	446	351	519	345	5477	5.1
Construction Paper & Board	24299	9409	1276	496	1719	681	18848	-26.9

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 26-Nov-85

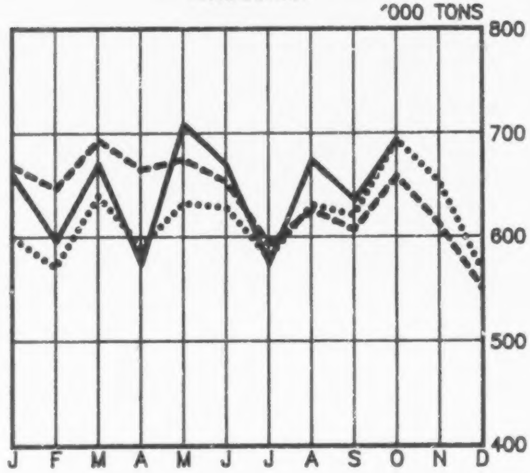
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



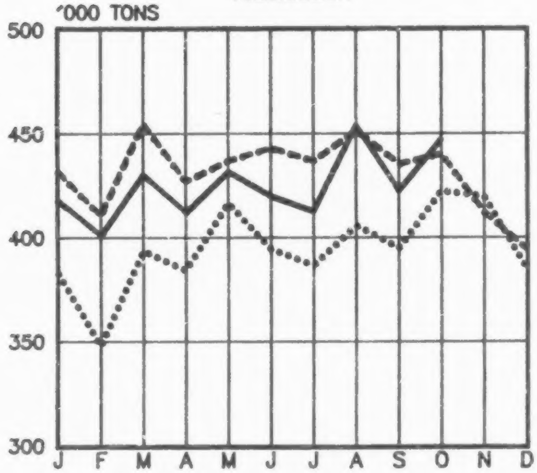
RECYCLED PAPERBOARD

PRODUCTION



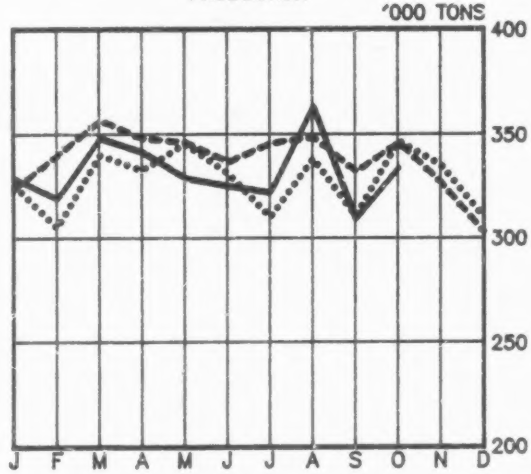
SEMICHEMICAL PAPERBOARD

PRODUCTION



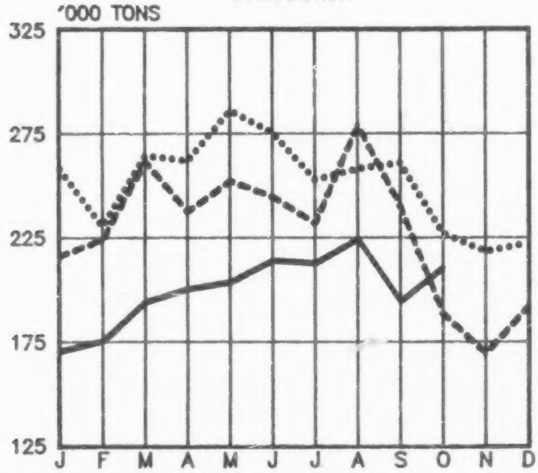
SOLID BLEACHED PAPERBOARD

PRODUCTION



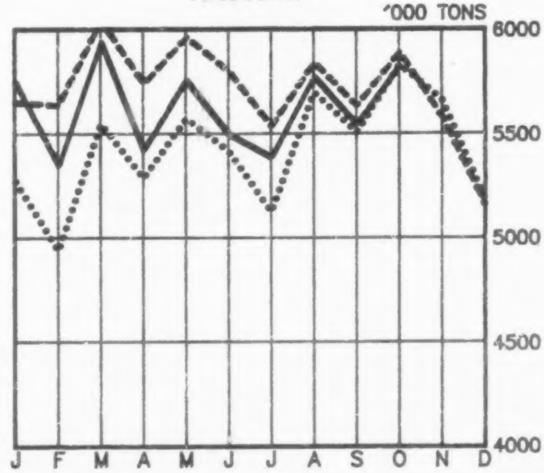
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1983 ········ 1984 - - - - -1985 ———

IMPORTS

	YEAR 1984		AUG.	1985	SEPT.	1985	(1) Annual Rate Y-T-D 1985	% Change from same Period Last Year
	Tons	$000	Tons	$000	Tons	$000		
Pulpwood Roundwood (cords)	207733	10615	900	546	1141	691	41003	-78.1
Pulpwood Chips	2062545	45396	43581	1259	80414	2032	843855	-62.4
Total All Imports	15739471	7204351	1315235	586397	1355128	606415	16208972	2.9
Wood Pulp Total	4490081	1844768	387297	127666	340072	110200	4494616	1.7
Waste Paper	109712	11692	10240	867	7500	887	86083	-22.2
Other Fibrous Materials	64367	24097	7259	2492	6403	2312	94762	35.5
Paper Board & Products Total	11075312	5323794	910439	455372	1011154	493016	11533512	3.4
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	10854312	4781475	888570	406662	983807	433285	11265704	3.0
Paper Ppbd & Prds ex Cnst&WMB	10575656	5207697	872908	444672	980674	483884	11084204	4.1
Paper & Paperboard Only	10354656	4665378	851040	395962	953327	424152	10816396	3.7
Paper Total	10112041	4591486	837480	391309	936434	419637	10636567	4.5
Newsprint	7893877	3299570	671848	292536	740287	307997	8470951	6.9
Printing & Writing	2042368	1168989	148186	87992	176951	99721	1945742	-6.4
Uncoated Groundwood	1090049	548791	82412	42646	94925	47539	1044004	-5.4
Coated Print.& Impreg. Pap.	428274	295844	35276	27862	39168	29689	519351	25.4
Uncoated Free Sheet	476950	284057	28869	15611	41452	20985	357557	-29.4
Uncoated Book	254926	156296	15422	8151	23726	12007	195817	-22.3
Writing and Similar Paper	222024	127761	13447	7460	17726	8978	161739	-36.4
Thin (except Cigarette)	46427	39513	1503	1745	1392	1499	23751	-56.3
Bristols	667	784	127	128	14	11	1079	59.3
Total Pkg & Other Paper	145484	102565	13760	9001	16407	10120	166275	10.6
Unbleached Kraft Paper	42854	19568	6378	2311	9267	3125	58241	26.1
Other Pkg. & Indust. Paper	102629	82997	7382	6689	7141	6995	108034	3.7
Tissue	30312	20362	3686	2280	2789	1798	53599	117.2
Paperboard, Total	242615	73892	13560	4153	16893	4516	179829	-28.3
Test or Containerboard	70028	22218	4197	1383	4279	1353	50590	-28.8
Semi-Chemical Corrugating	103968	26098	4956	936	7425	1407	65503	-39.1
Other Paperboard	68620	25576	4407	1834	5189	1756	63736	-11.5
Convtd Paper&Paperbd Products	221000	542319	21869	48710	27347	59731	267808	22.9
Paper Products, Total	186199	474151	20308	45516	25103	55015	243807	33.1
Paperboard Products, Total	34800	68168	1561	3194	2244	4716	24001	-30.8
Wet machine Board	2826	2017	311	232	282	223	3301	11.8
Construction Paper & Board	496830	114080	37220	10468	30198	8910	446007	-10.9
Notes								
Other: No Weight Avail. ($000)		195737		16716		20820	217347	9.9
Total Imports Incl. Other($000)		7400088		603114		627235	7498623	2.0

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	95441	5714	5807	269	5550	342	46169	-42.0
Pulpwood Chips	2325213	164058	216272	15218	22428	15534	2085947	-13.1
Total All Exports	11300450	4524778	981096	342510	898130	318466	11297563	-1.3
Wood Pulp,Total	3593585	1501948	303132	106595	297681	104790	3820449	5.2
Cotton Pulp and Other Pulp	84883	63545	14092	10339	10174	6806	106491	21.1
Waste and Old Paper	3235441	408128	303150	33008	231788	24196	3279043	3.4
Paper, Board & Products,Total	4386541	2551157	360722	192568	358487	182675	4091580	-10.2
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3818804	1789129	317092	132389	324478	133078	3588444	-9.6
Paper, Ppbd & Prod ex Cnst&WMB	4308873	2507184	356358	190011	352767	179573	4026646	-10.0
Paper & Paperboard, Only	3741136	1745156	312728	129832	318759	129977	3523509	-9.4
Paper, Total	810547	632490	68292	50083	60877	48437	787375	-3.6
Newsprint	306198	133964	25158	10235	26114	11063	314069	1.9
Printing & Writing	203156	219922	17822	17729	13848	14541	200992	-0.4
Uncoated Groundwood	30405	28875	4924	3300	1974	1969	37338	27.4
Clay Coated Paper	85714	71365	6644	5495	5911	5186	75970	-12.8
Uncoated Free Sheet	65410	87255	4950	6121	4331	5459	67091	5.5
Other Printing & Writing	21627	32427	1304	2814	1631	1928	20593	-5.7
Total Pkg. & Other Paper	284185	259323	23891	20683	19589	21472	252745	-12.6
Unbleached Kraft	106712	44382	6700	2702	5093	2207	72795	-35.6
Other Pkg. & Indust. Paper	177473	214941	17191	17980	14496	19266	179951	2.1
Tissue	17009	19281	1421	1436	1326	1360	19569	12.1
Paperboard, Total	2930588	1112666	244426	79749	257882	81540	2736134	-10.9
Solid Wood Pulp	2761732	1040239	227008	73170	234804	74497	2517733	-13.7
Total Linerboard	2058034	628531	171903	43253	180647	43817	1813822	-17.2
Bleached Kraft Linerboard	141367	57788	7305	2809	20111	5852	129438	.0
Unbleached Kraft Linerbd	1916667	570743	164598	40445	160536	37965	1684384	-18.3
Other Unbleached Kraft	110878	51270	10986	4676	5426	2424	112023	-11.8
Other Bleached Kraft	543209	348218	39576	24038	42832	27104	536027	-4.5
Semi-Chemical Corrugating	49612	12220	4543	1203	5900	1151	55862	43.2
Recycled Paperboard	168856	72427	17428	6579	23078	7043	218400	42.1
Convtd Paper&Paperbd Products	567737	762028	43630	60179	34009	49596	503137	-14.1
Paper Products, Total	286403	516149	19581	41109	17749	35631	248387	-17.8
Paperboard Products, Total	281334	245879	24050	19070	16259	13965	254749	-10.1
Wet Machine Board	13782	7335	711	494	1407	588	12871	-6.7
Construction Paper & Board E	63887	36638	3654	2064	4313	2514	52063	-22.8
Notes								
Other: No Weight Avail. ($000)		8843		634		448	6567	-27.1
Total Exports Incl. Other($000)		4533621		343144		318914	4120306	-10.5

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES

1967 = 100

	1983	1984	1985 JULY	AUG.	SEPT.	OCT.	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	271.4	292.9	291.9	289.8	289.2	288.8	293.1	0.5
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	273.3	293.8	294.5	292.3	291.9	291.6	295.5	1.0
Total Wood Pulp	347.1	395.0	345.5	338.4	337.0	337.7	350.1	-11.3
Total Paper	282.3	303.2	304.0	303.7	303.3	301.4	304.1	0.6
Total Paper, exc. Newsprint	277.0	301.2	300.2	300.1	299.1	296.2	299.5	-0.4
Newsprint	303.0	324.1	333.0	334.9	333.9	331.2	333.4	3.7
Total Paperboard	250.8	280.6	273.2	266.3	266.6	265.9	277.7	-0.2
Total Paper and Paperboard *	272.4	296.1	294.3	292.0	291.8	290.3	295.8	0.4
Converted Products	265.4	280.7	288.3	286.7	286.2	286.5	288.6	3.4
Waste Paper	158.6	240.1	141.6	141.4	129.5	126.8	153.3	-37.5
All Commodities	303.1	310.4	309.0	307.2	305.8	308.0	308.6	-0.6
Industrial Commodities	315.7	322.6	324.3	323.6	322.5	324.4	323.7	0.4

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API 26-Nov-85

1985
SEASONALLY ADJUSTED PAPER AND PAPERBOARD PRODUCTION
(THOUSANDS OF SHORT TONS)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Sum
Newsprint	451.8	460.2	461.8	421.4	449.9	447.6	471.1	447.5	464.3	442.2			4517.8
Total Printing & Writing	1553.1	1551.1	1544.2	1559.0	1497.2	1499.9	1573.5	1521.4	1509.4	1506.2			15314.9
Unctd Groundwood	125.8	130.0	127.0	118.6	113.6	116.4	122.9	132.6	125.3	131.4	N		1243.6
Coated Paper	546.5	524.2	527.9	526.4	486.1	457.2	496.6	466.2	450.6	443.3			4924.9
Unctd Free Sheet	769.4	783.0	778.8	807.8	786.2	808.8	844.5	813.9	822.9	822.1	O		8037.1
Bleached Bristols	76.9	79.3	75.5	71.0	76.6	81.6	74.8	74.1	76.1	74.9			760.7
Cotton Fiber	11.5	11.3	11.6	11.9	11.5	12.6	11.8	11.9	11.7	12.2	T		118.2
Thin	23.1	23.4	23.3	23.4	23.2	23.2	23.0	22.8	22.7	22.4			230.5
Total Pk'ging & Other	444.6	442.5	432.2	405.1	436.9	438.2	450.5	419.9	457.7	433.5	A		4361.1
Unbl. Kraft Paper	295.1	301.1	279.1	262.7	290.4	280.3	302.1	268.8	304.1	281.8	V		2865.5
Other Paper	149.6	141.4	153.1	142.5	146.4	157.8	148.4	151.1	153.6	151.7			1495.5
Tissue	410.6	409.0	402.5	392.2	416.5	420.3	433.9	401.4	403.3	416.9	A		4106.6
Total Paper	2860.1	2862.8	2840.7	2777.8	2800.4	2806.0	2929.0	2790.1	2834.7	2798.7	I		28300.3
Total Unbl. Kraft Pb'd	1418.5	1349.4	1405.9	1259.3	1331.0	1307.8	1365.9	1355.2	1387.9	1373.2	L		13554.1
UBK Linerboard	1330.5	1254.8	1311.3	1174.8	1241.9	1203.9	1259.4	1245.6	1279.4	1282.3	A		12583.7
Other UBK Pb'd	88.1	94.5	94.6	84.6	89.2	103.9	106.5	109.6	108.5	91.0	B		970.5
Semichemical	408.0	418.8	406.0	410.6	412.5	413.9	424.4	449.4	426.6	435.9	L		4206.2
Solid Bleached	320.4	328.0	326.3	326.1	310.3	322.7	328.2	355.4	323.8	330.5			3271.6
Recycled Board	639.0	603.6	616.8	563.5	674.9	658.7	622.0	660.4	644.5	655.6	E		6338.8
Total Paperboard	2785.9	2699.8	2755.0	2559.5	2728.7	2703.1	2740.4	2820.4	2782.7	2795.2			27370.8
Total Paper & Paperboard	5646.0	5562.6	5595.7	5337.3	5529.1	5509.0	5669.4	5610.5	5617.4	5594.0			55671.1

26-Nov-85

Continued from Page 2

year in the second quarter, then recovering about half its lost ground in the third quarter. Weekly data indicate that fourth quarter production is holding close to its third quarter rate, pointing to a shipments total of 18.4 million tons for all of 1985, which would just match its 1984 high.

The different grades of printing-writing papers followed rather disparate trends. Shipments of uncoated free sheet papers moved generally upward throughout 1985; their September-October seasonally adjusted average was 6% above that of the first 2 months of the year. This strength reflected gains in all the major sub-grades -- bond and writing papers, form bond and printing papers -- and was partly attributable to reduced imports.

The seasonally adjusted rate of shipments of coated papers, by way of contrast, moved generally downward, with their September-October average 16% below the rate of the first 2 months of the year. This decline reflected weakness in virtually all the markets for coated papers. The seasonally adjusted rate of total paper shipments to the largest market for coated papers -- magazines -- fell 18% from the first 2 months of 1985 to the September-October period.

The rate of shipments of the other grades of printing and writing papers moved in a generally flat trend during 1985, at a level some 4% to 6% below their respective 1984 averages.

Shipments of unbleached kraft papers followed a rather erratic trend during 1985, with its September-October seasonally adjusted rate about 2% below that of the first two months of the year. The ten-month 1985 total, however, as shown in the table on page 3, is 8.2% below its comparable 1984 level. While the shipments rate for "other" papers adhered to a flat trend in 1985, its level was also well below that of 1984.

Paperboard: The seasonally adjusted rate of paperboard production in the September-October 1985 period held near the August-September high of 33.6 million tons per year. With inventories at mills and plants back to more comfortable levels, paperboard production trends may now be expected to move in line with consumption requirements.

The run-up and subsequent reduction in inventories during the past year was centered on kraft linerboard, as indicated by the steep decline in its seasonally adjusted rate of production from January to April 1985 and the strength of the subsequent recovery. At the same time, the ten-month 1985 total is 5.9% below the comparable 1984 level. Much of this weakness, however, reflected the 21% decline in production for export; production for domestic use was down a smaller 3.5% during this

Continued on Page 12

Continued from Page 11

period. Production of total containerboard for domestic use, which includes corrugating materials and container chip and filler board, fell by 3.2%, considerably more than consumption of containerboard at fibre box plants, which fell by 0.8%. Total fibre box shipments were down by 1.3%

Boxboard showed a steadier pattern. Boxboard production for domestic use was 1.5% below its year-earlier total in the first ten months of 1985, while production of solid bleached board for export -- the major boxboard export grade -- was off by 6.2%.

Production of folding boxboard for domestic use is showing a decline of 1.2% from 1984 levels. Production of recycled folding boxboard, however, rose by 0.9%, while production of solid bleached folding boxboard for domestic use fell by 3.7%.

Among the other bleached board grades, cup stock, the largest grade other than milk carton stock, rose by 2.2% in this ten-month period. Milk carton stock, however, fell by nearly 4%. Set-up boxboard was also down -- 9.5% -- reversing its 1984 trend.

FIBROUS RAW MATERIALS

Although the total production of the chemical paper grades of market pulp was 1.3% below its comparable 1984 total in the first ten months of 1985, shipments of these pulps rose by 2.9%. The difference, of course, reflected the 14% decline in inventories at market pulp mills since the beginning of the year. As of Oct. 31, 1985 inventories of chemical paper grade market pulp at producing pulp mills were equivalent to 33 days of supply, compared to 42 days of supply at the end of 1984 and 26 days at the end of 1983.

The shipments gain reflected an 8.7% increase in exports; shipments to the domestic market fell by 3.1%, reflecting the weakness noted in output of some paper grades. Higher shipments to Japan and markets other than Western Europe accounted for the higher exports. Shipments to Western Europe, which accounted for 43% of the export total, declined by 4%.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

November 30, 1985

PRODUCTION (000 TONS)

	Oct. 85	Sept. 85	Oct. 84	Jan. - 85 -	Oct. 84	% Change 85/84
PAPER GRADES	P	R				
Newsprint	449	447	470	4552	4650	-2.1
Printing & Writing	1613	1462	1627	15412	15449	-0.2
Uncoated Groundwood (s)	147	123	135	1248	1327	-5.9
Coated Paper (s)	481	437	554	4943	5213	-5.2
Uncoated Free Sheet Paper (s)	870	793	813	8104	7745	4.6
Thin Paper (s)	24	22	24	233	233	0.0
Cotton Fiber Paper (s)	12	12	13	119	124	-4.1
Bleached Bristols (s)	80	76	88	764	806	-5.2
Tissue Paper	432	394	434	4110	4080	0.7
Total Pkg & Other Paper	450	468	470	4379	4743	-7.7
Unbleached Kraft Packaging & Indl. Converting (s)	289	315	315	2866	3123	-8.2
Other Paper *	161	153	156	1513	1620	-6.6
TOTAL PAPER	2944	2771	3002	28452	28922	-1.6
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1405	1407	1446	13765	14546	-5.4
Unbleached Kraft Linerboard	1316	1301	1356	12761	13557	-5.9
Other Unbl. Kraft Paperboard	89	106	90	1004	989	1.6
Semichemical Paperboard	447	422	440	4243	4363	-2.8
Bleached Paperboard	333	309	346	3315	3420	-3.1
Recycled Paperboard	694	634	658	6444	6477	-0.5
TOTAL PAPERBOARD	2879	2772	2889	27767	28806	-3.6
TOTAL PAPER AND PAPERBOARD	5823	5543	5891	56220	57728	-2.6

WOOD PULP (ALL GRADES)	Sept. 85	Aug. 85	Sept. 84	Jan. - 85 -	Sept. 84	% Change 85/84
Dissolving & Special Alpha	82	77	73	881	916	-3.8
Bleached Sulfite	114	113	110	1033	1035	-0.2
Unbleached Sulfite	14	16	17	156	204	-23.2
Bleached & Semi-Bl. Sulfate	1808	1881	1836	16863	16720	0.9
Unbleached Sulfate	1667	1655	1747	14667	15806	-7.2
Semichemical	324	348	334	3046	3083	-1.2
Groundwood & Thermomechanical	423	427	452	3978	4168	-4.5
TOTAL PULP DIVISION DATA	4432	4518	4568	40624	41931	-3.1

(s) - Shipments
P - Preliminary
R - Revised

November 30, 1985

	Full Year		INDUSTRY DATA 1985			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1983	1984	Aug	Sept	Oct	1985	
Total Production (API).......: excluding :...	65000	68457	5772	5543	5823	67467	-2.6
Total Seasonally Adjusted....:construction:...			5606	5594	5610	66926	-2.3
Imports (including Products).: and wet :..E	8509	10576	873	981	987	11161	5.1
Exports (including Products).: machine :..E	4501	4309	356	353	334	4025	-9.6
Apparent Consumption.........: grades :...	69008 a	74724 b	6122	6222	6264	74062 c	-0.8
Paper Production % Tonnage Capacity...........	92.0 g	93.4 g	88.0	88.1	90.2	90.6 gn	-
Paperboard Production % Tonnage Capacity......	90.8 g	94.8 g	92.1	91.5	91.3	91.3 g	-
			July	Aug			
IMPORTS.....:Including Construction and :...	8985	11075	919	910	1011	11533	3.4
EXPORTS.....: WMB Grades (excl. HPB) :...	4568	4387	316	361	359	4091	-10.2
MARKET WOOD PULP PRODUCTION - Tons (000)........	6478	6891	590	541	518	6799	-0.5
TOTAL WOOD PULP PRODUCTION - Tons (000).........	52537	55548	4492	4518	4432	54162	-3.1
WOOD PULP IMPORTS - TONS (000)..................	4093	4490	392	387	340	4495	1.7
WOOD PULP EXPORTS - TONS (000)..................	3644	3594	334	303	298	3821	5.2
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			July	Aug	Sept		
Wood Pulp.............:consumption for:.....	51434	54664	4426	4500	4359	53307	-3.1
Waste Paper...........:construction & :.....	14696	16015	1212	1294	1252	15178	-3.9
TOTAL..........: WMB grades :.....	66130	70679	5638	5794	5611	68485	-3.3
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	83608	87646	7022	6925	6904	85412	-2.9
EMPLOYMENT (000)			Aug	Sept	Oct		
Paper and Allied Products...........Total......	661.6	682.3	686.9	684.2	684.8	682.7	0.1
Pulp, Paper and Board Mills........Total.....E	258.2	263.9	257.6	254.2	254.3	258.2	-2.1
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	9.94	10.44	10.86	10.89	10.89	10.78	3.7
Pulp, Paper Mills...........................E	11.70	12.45	13.25	13.31	13.50	13.07	5.6
Paperboard Mills............................E	11.08	12.99	13.62	13.67	13.70	13.50	4.5
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q2	1985 Q3	1985 Q4		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	5.92	7.21	8.10	8.22	8.75	8.21y	13.9
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			Aug	Sept	Oct		
:IN PULP, PAPER :...Production Workers..........	118.0	119.9	124.5	118.4	122.6	120.7	-0.5
:AND BOARD MILLS:...All Employees...............	105.6	118.2	123.4	117.9	122.4	119.4	-0.2
PAPER AND ALLIED PRODUCTS (Million $)			July	Aug	Sept		
Industry Shipments (Dept. of Commerce)*........	78209	95990	8135	8090	8111	97311	2.1
Pulp, Paper and Paperboard*..................	36346	41539	3464	3521	3426	41700	0.8
Inventories (End of Period) - Total Industry*..	8729	9701	9533	9650	9660	9660	0.2
Pulp, Paper and Paperboard*..................	3263	3662	3760	3695	3749	3749	5.8
			1984 Q4	1985 Q1	1985 Q2		
Sales (Corporations Only)......................	65008	71891	17642	17797	18262	72118	-0.3
Earnings (Corporations Only)...................	2327	3015	493	718	874	3184	1.3
Depreciation (Corporations Only)...............	2607	2798	700	765	761	3052	9.6
Net Worth (Corporations Only)..................	27219	28160	28160	29241	29797	29797	5.9
PRICE INDEXES (Bureau of Labor Stats)1967=100			Aug	Sept	Oct		
Pulp, Paper & Products, ex. Building Grades....	271.4	292.9	289.8	289.2	288.8	293.1	0.5
Wood Pulp......................................	347.1	395.0	338.4	337.0	337.7	350.1	-11.3
Waste Paper....................................	N.A.	240.1	141.4	129.5	126.8	153.3	-37.5
Paper..	282.3	303.2	303.7	303.3	301.4	304.1	0.6
Paperboard.....................................	250.8	280.6	266.3	266.6	265.9	277.7	-0.2
PAPER DEMAND (INDEXED: 1977=100)			Aug	Sept	Oct		
Total Paper Production *......................	118.6	124.1	120.9	122.0	121.6	122.7	-1.3
Paper New Supply *............................	123.3	127.7	125.2	130.1	130.0	128.7	0.6
Demand Indicators - (Weighted Average) *.....	123.0	136.7	142.9	142.6	142.7	141.4	3.9
Production of Nondurable Goods *...(21.2%).	113.7	122.5	126.6	126.8	127.0	125.1	2.3
Disposable Income .,..............*.(23.9%)	116.1	124.0	126.7	126.8	127.0	126.7	2.5
Total Printing and Publishing *...(54.9%).	129.6	147.8	156.2	155.6	155.6	154.1	5.0
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.................	111.3	117.4	116.7	115.1	116.2	113.8	-3.2
Production for Domestic Use	107.7	115.2	114.6	114.3	114.7	112.6	-2.1
Demand Indicators - (Weighted Average) *.....	107.9	118.3	120.7	120.6	120.8	120.0	1.6
Production of Consumer Goods *...(62.06%)	109.3	118.2	121.4	121.5	121.8	120.2	2.0
Production of Equipment *...(5.75%)	121.7	140.5	149.0	149.1	148.9	147.1	5.5
Production of Materials *...(32.19%)	102.8	114.6	114.2	113.9	113.7	114.5	-0.1
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
NEWSPRINT MARKETS			July	Aug	Sept		
Consumption by Publishers - Tons (000).........	11671	12612	976	1038	1075	12452	1.0
Newspaper Pub. and Printing Empl. Total(000)...	421.6	443.0	453.5	454.2	450.0	451.1	2.4
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)...........	141126	156091	9468	10072	14517	144533	-2.7
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	26532	31876	2837	3049	2800	34171	8.9
Inventories (End of Period).	2341	2724	2932	3038	3095	3095	22.9
FIBRE BOX DATA (Fibre Box Association)			Aug	Sept	Oct		
Fibre Box Shipments (Million square feet).......	252539	267549	23164	22029	25515	268580	-1.3
Container'bd Inventory at Mill & Plant(000Tons).	2437	2882	2694	2561	2480	2480	-4.7
RETAIL TRADE (Million $)			July	Aug	Sept		
Total Retail Sales *..........................	1171915	1291835	114417	117040	120227	1236685	7.0
Nondurable Goods Stores Sales *...............	793398	841417	72076	72770	73229	776060	2.8
GENERAL ECONOMIC DATA			Aug	Sept	Oct		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	109.2	121.8	125	124.9	124.9	124.3	2.3
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	303.1	310.4	307.2	305.8	308.0	308.6	-0.6
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	298.4	311.1	323.5	324.5	325.5	321.2	3.5
			July	Aug	Sept		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	387.9	461.0	503.8	513.0	524.4	524.4	19.9
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q1	1985 Q2	1985 Q3		
G.N.P. or Expenditure - Current $..............	3304.8	3662.8	3810.6	3853.1	3915.9	3859.9	8.6
G.N.P. or Expenditure - 1972 $.................	1534.7	1639.3	1663.5	1671.6	1688.4	1674.5	3.9

lb/capita
Pap&Papbd Othr Totl Popul(mil)
.a - 589 + 18 = 607 234.2
.b - 631 + 18 = 649 234.9
.c - 627 + 18 = 645 234.9
.E - Last month estimated by API
.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
P - Preliminary
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted

1/10/86
A2500-2

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 63 - No. 12 DECEMBER 1985

PAPER AND PAPERBOARD PRODUCTION: YEAR-END STRENGTH

The seasonally adjusted rate of paper and paperboard production turned upward in October and November, pointing to a 1985 production total of 66.8 million tons, about halfway between the outputs for 1983 and 1984. The seasonally adjusted rate of production in the fourth quarter of 1985 is estimated at 67.3 million tons per year, 2.7% above the second quarter low but 0.7% below the first quarter's 67.8 million tons per year.

PAPER: The trend of total paper production during 1985 was relatively flat, with the average rate in each quarter within 1.6% of the year's average. Total paper production in 1985 is estimated at 33.9 million tons, 1.5% below its 1984 record high but 3.2% above 1983.

Increases in paper production for the fourth quarter of 1985 were largely concentrated in the printing and writing grades. The strength in demand was strikingly evident in the trend of new orders. As the table on page 3 shows, new orders for each of the three major printing-writing paper grades --uncoated groundwood, coated, and uncoated free sheet papers-- jumped sharply upward in October and held near that higher level in November. Unfilled orders for uncoated free sheet papers were 15.6% above their year-ago level as of the end of November 1985. Unfilled orders for uncoated groundwood papers were off 4.9% but coated paper unfilled orders were down 24% from their year-ago level.

This pattern of new and unfilled orders at domestic paper mills is consistent with recent import trends: uncoated groundwood paper imports, as reported by Census, which had shown a 49% increase from 1983 to 1984, were down 2.9% in the first ten months of 1985; uncoated free sheet paper imports, which had doubled from 1983 to 1984, fell by 27% in 1985. Coated paper imports continued to climb, showing a 164% increase from 1983 to 1984 and a further 23% increase in the first ten months of 1985. Even with the year-to-year declines in some grades, total imports of printing-writing papers in 1985 were equivalent to nearly 10% of the total new supply. Total shipments of printing and writing papers in 1985 were close to their 1984 levels, with increases in the uncoated free sheet papers offset by some declines in the other major grades.

The strength of demand for printing-writing papers in the United States in 1985 is best reflected in the new supply (shipments plus imports as reported by the Printing-Writing

Continued on Page 2

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Continued from Page 1

Paper Division less exports) figures. The 1985 totals, estimated on the basis of 11 months production data and ten months import and export data, show estimated new supply of printing-writing papers at 20.6 million tons, nearly 1% above its 1984 high. New supply of uncoated groundwood paper, at an estimated 2.9 million tons, is up 3.6%; uncoated free sheet papers, at 10.0 million tons, are up 4.2%; but coated papers, at 6.3 million tons, show a decline of 4.4%.

The other grades of paper --newsprint, packaging and industrial papers, and tissue papers-- fluctuated around a flat trend. However, where the 1985 totals show production of tissue papers close to its 1984 level, the 1985 newsprint total is down by nearly 3% and the 1985 totals for the packaging and industrial paper grades are an estimated 6.6% below their 1984 rates with no strength evident in the last quarter of the year.

PAPERBOARD: The paperboard story for 1985 is told largely by three trends: domestic use, inventories and exports. The change in tonnages during 1985 were not large, but each had a negative impact on domestic production.

Activity in paperboard's end-use markets increased from 1984 to 1985, but the rate of gain was much less than in 1984. The paperboard demand indicators shown in the Industry Fact sheet attached to this report rose by an estimated 1.6% in 1985, compared to a 9.6% increase in 1984. This slow-down in growth apparently led consumers to adjust their inventories to this reduced growth trend.

The adjustment also occurred at containerboard producing and consuming mills and plants. Inventories of containerboard at these mills and plants, which had increased by 445,000 tons during 1984, rose another 138,000 tons in the first three months of 1985, bringing inventory total to 8.1 weeks of supply. It required major shutdowns during the second quarter to bring these inventories down. Inventories were further reduced during the subsequent months; as of December 1, 1985 inventories were 170,000 tons below their year-ago level and 543,000 tons below their April 1, 1985 peak, and equivalent to about 6 weeks of seasonally adjusted supply. With 11 months data available, shipments of fibre boxes for all of 1985 are estimated at 264 billion sq. ft., 1.5% below their 1985 high.

Containerboard production was also affected by the trend of exports. Exports of kraft linerboard in 1985, estimated at 1.73 million tons, were down 17% (about 350,000 tons) from their 1984 total. The net impact of these negative trends brought total production of containerboard for domestic use to an estimated 20.2 million tons, 3% below its 1984 total.

The other major paperboard export grade, namely solid bleached paperboard, showed production for export in 1985 off an estimated 21,000 tons (roughly 4%) from its 1984 level and 11% (58,000 tons) from its 1983 total. Total solid bleached paperboard production in 1985 is estimated at 3.95 million tons,

Continued on Page 11

PAPER AND PAPERBOARD STATISTICS

PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

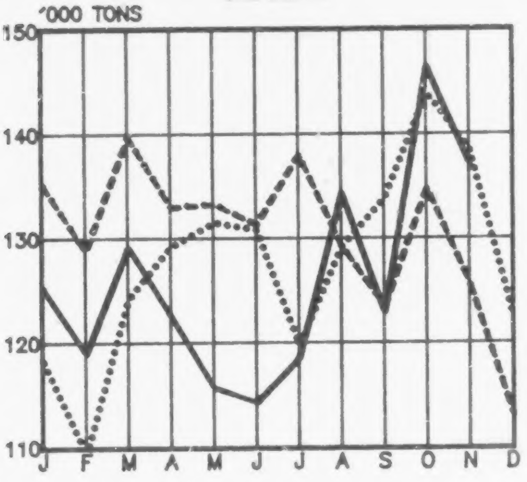
	YEAR 1983	YEAR 1984	AUG. 1985	SEPT. 1985	OCT. 1985	NOV. 1985	Annual Rate Y-T-D 1985	% Change From same Period Last Year
PAPER								
Newsprint - Production	5167	5539	456	447	449	438	5443	-2.4
- Shipments	5153	5584	454	446	463	437	5426	-3.5
Printing & Writing sum	17370	18403	1559	1462	1613	1541	18494	-0.1
Groundwood Paper - Shipments	1531	1565	134	123	147	137	1511	-4.6
- New Orders	1581	1575	124	129	168	137	1533	-3.9
-Unfilled Orders	145	140	103	111	132	133	133	-4.9 C
Coated Papers - Shipments	5716	6249	484	437	481	473	5908	-5.7
- New Orders	5864	6281	448	459	515	467	5763	-8.3
- Unfilled Orders	513	575	385	424	446	434	434	-23.6 C
Unctd Free Sheet - Shipments	8780	9207	830	793	870	817	9731	4.9
- New Orders	9076	8939	808	783	903	867	9801	9.1
- Unfilled Orders	687	430	423	422	453	493	493	15.6 C
Thin Papers - Shipments	280	275	23	22	24	21	278	0.0
Cotton Fiber Paper - Shipments	133	147	12	12	12	13	144	-2.9
Bleached Bristols - Production	931	959	75	76	80	80	921	-4.1
Tissue Paper - Production	4789	4921	413	394	432	412	4933	0.5
Total Packaging & Other Paper	5497	5555	441	468	450	421	5236	-7.2
Unbl. Kraft Paper - Shipments	3666	3666	281	315	289	273	3424	-8.0
Other Paper - Production	1832	1889	160	153	161	148	1812	-5.5
TOTAL PAPER-Production-Unadj. *	32823	34417	2870	2771	2944	2812	34107	-1.5
-Production S.A. *			2791	2816	2808	2816	33969	-1.3
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	24779	26403	2230	2137	2185	2108	25561	-4.2
Unbl. Kraft Linerboard (1)	15001	16037	1304	1301	1316	1253	15288	-5.8
Production for Export	2281	2086	164	145	152	151	1745	-17.9
Other Unbl. Kraft Paperboard	1121	1149	109	106	89	101	1206	3.1
Semichemical Paperboard	4731	5169	453	422	447	427	5095	-2.2
Production for Export	193	149	19	16	20	13	185	23.4
Solid Bleached Paperboard	3926	4048	363	309	333	327	3973	-2.8
Production for Export	515	478	39	32	37	41	457	-4.6
Recycled Paperboard	7398	7637	673	634	694	659	7749	0.2
Production for Export	24	17	1	1	2	1	14	-7.9
TOTAL PAPERBOARD-Prod.-Unadj. *	32177	34039	2903	2771	2879	2767	33310	-3.2
- Containerboard Prod.(Dom. Use)	19173	20993	1751	1727	1766	1695	20440	-3.7
- Boxboard Prod.(Dom. Use) (2)	5551	5783	519	458	500	477	5766	-1.4
- All Other P'bd Prod.(D.U.) (2)	4441	4531	409	392	403	390	4703	2.7
- Total Paperbd Prod. for Export	3012	2731	224	194	210	205	2401	-13.3
TOTAL PAPERBOARD PROD.- S.A. *	32224	33982	2815	2777	2803	2793	32991	-2.9
TOTAL PAPER AND PAPERBOARD								
Production - actual *	65000	68457	5772	5542	5823	5580	67417	-2.4
Production - S.A. *			5606	5593	5611	5608	66960	-2.1

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.
* NOTE: Year 1984 contains one more day than year 1983 and 1985.

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
C = Corrected Data - Percent change in 1985 from [illegible] were: GW	-37.6	-50.9	-37.8	-14.0	-12.1	-31.3	-26.0	-14.0
CPN	-21.2	[illegible]	-20.0	-14.8	-25.1	-12.7	-21.6	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-6.8	[illegible]	[illegible]

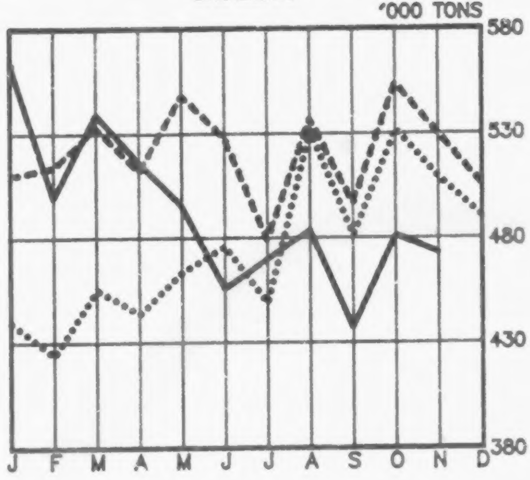
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



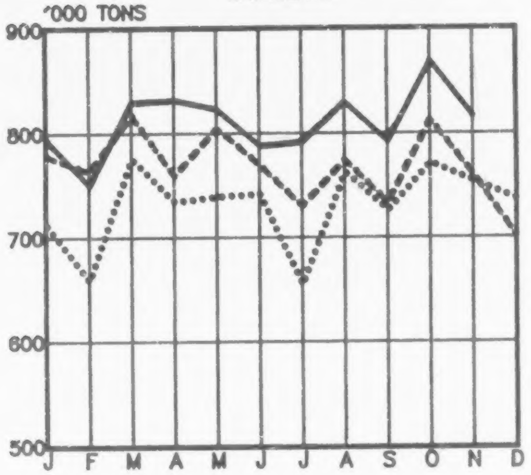
COATED PAPER

SHIPMENTS



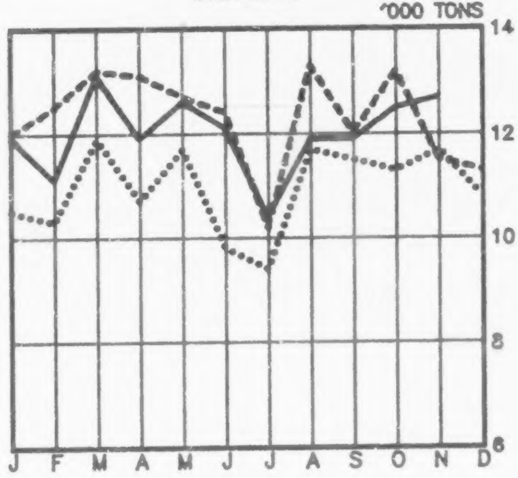
UNCOATED FREE SHEET PAPERS

SHIPMENTS



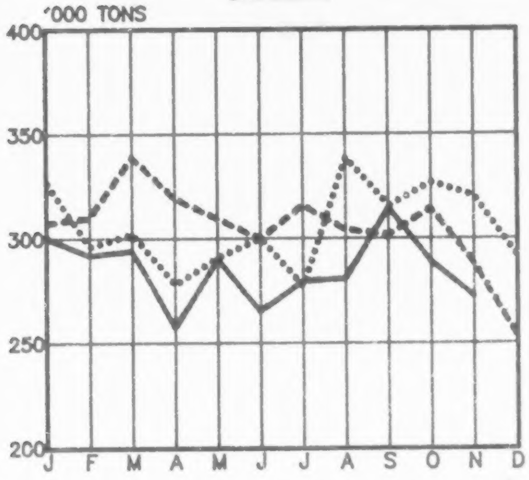
COTTON FIBER PAPER

SHIPMENTS



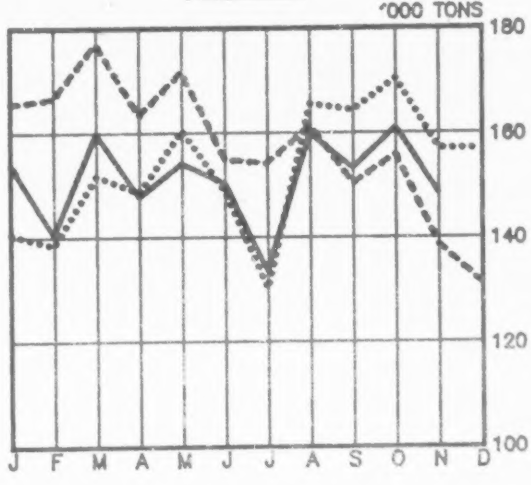
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1983 ········ 1984 – – – – –1985 ————

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR 1983	1984	JULY 1985	AUG 1985	SEPT 1985	OCT 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	52537	55548	4492	4518	4433	4777	54481	-2.8
- Imports	4093	4490	392	387	340	355	4471	1.8
- Exports	3644	3594	334	303	298	269	3761	4.2
- New Supply	52986	56445	4550	4602	4475	p 4863	55191	-2.9
Dissolving Pulp - Production	1261	1206	87	77	82	106	1184	-3.1
- Imports	192	161	18	11	23	15	177	9.3
- Exports	647	595	52	35	35	45	640	6.3
- New Supply	806	772	53	53	70	76	721	-7.8
Paper Grades Chemical Pulp - Production	42358	44732	3626	3666	3604	3865	43902	-2.7
- Imports	3706	4023	343	364	299	332	4097	3.4
- Exports	2958	2945	282	266	262	220	3095	4.8
- New Supply	43106	45810	3688	3764	3642	3977	44904	-2.7
Groundwood and Thermo-Mech. - Production	5067	5509	447	427	423	454	5317	-4.2
- Imports	195	306	31	12	17	7	197	-26.0
- Exports	40	54	1	2	1	4	26	-52.6
- New Supply	5222	5762	477	437	439	457	5488	-4.8
Semi-Chemical - Production	3851	4100	332	348	324	353	4078	-1.3
- Imports								
- Exports			- - - - - Included in Groundwood Pulp - - - - -					
- New Supply	3851	4100	332	348	324	353	4078	-1.3
MARKET WOOD PULP								
Total Market Wood Pulp - Production	6478	6831	590	541	519	572	6805	-1.5
- Imports	2945	2968	246	267	213	239	2818	-3.4
- Export	3421	3511	274	312	305	290	3754	6.4
- New Supply	6002	6347	563	496	427	521	5870	-6.8
Dissolving Pulp - Production	1260	1197	87	77	82	105	1183	-2.4
- Imports	210	204	19	9	24	11	179	-13.4
- Exports	698	690	31	49	43	53	657	-3.8
- New Supply	772	710	75	36	63	63	704	-4.2
Paper Grades Chemical Pulp - Production	5206	5680	502	463	435	463	5606	-1.4
- Imports	2698	2664	218	254	173	225	2557	-3.2
- Exports	2723	2821	242	263	263	237	3095	8.9
- New Supply	5181	5524	478	455	345	451	5068	-7.5
Groundwood Pulp and All Other - Production	12	13	1	1	2	4	17	24.3
- Imports	38	100	9	4	17	4	82	19.4
- Exports	0	0	0	0	0	0	1	0.0
- New Supply	49	113	10	5	18	7	98	19.3

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

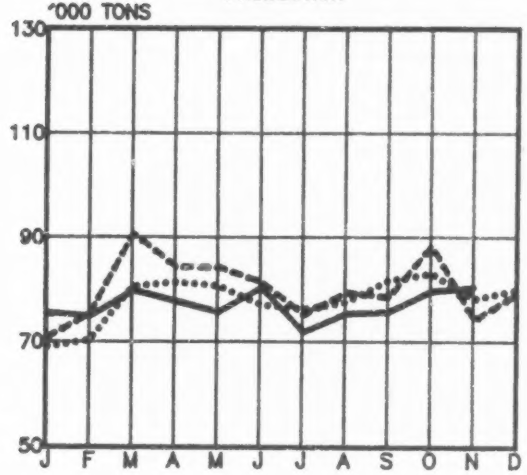
FIBROUS RAW MATERIALS
(Thousands of tons)

					R	P		
CONSUMPTION AT PAPER & PAPERBOARD MILLS								
Total	66130	70879	5639	5794	5604	5998	68828	-3.0
Total Wood Pulp	51434	54664	4426	4500	4359	4689	53605	-2.7
Waste Paper	14696	16215	1212	1294	1244	1309	15223	-3.9
INVENTORIES								
Own Use Wood Pulp at Pulp Mills	170	174	186	180	184	192	192	16.9
Mkt Pulp at Pulp Mills (Paper Grades)	384	585	561	541	502	508	508	1.1
Mkt Pulp at Ppr. & Bd. Mills *	550	484	414	410	407	426	426	-15.2
Waste Paper at Paper &Bd. Mills	920	1025	1011	958	939	976	976	.0
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	26	42	31	35	32	32	32	-5.9

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

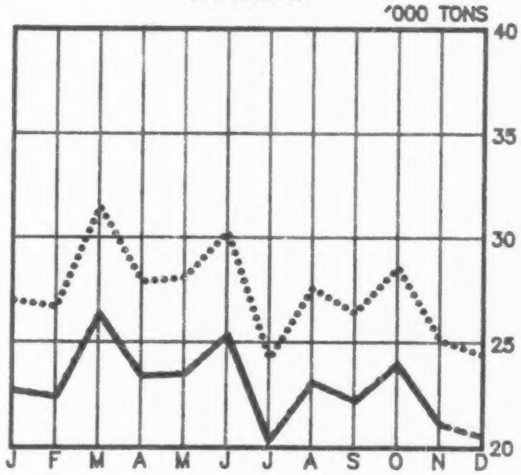
BLEACHED BRISTOLS

PRODUCTION



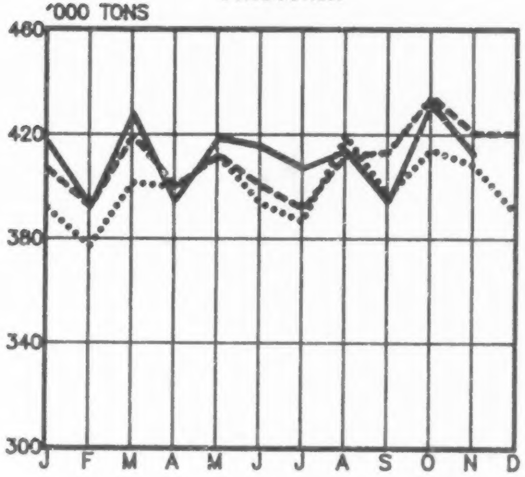
THIN PAPER

PRODUCTION



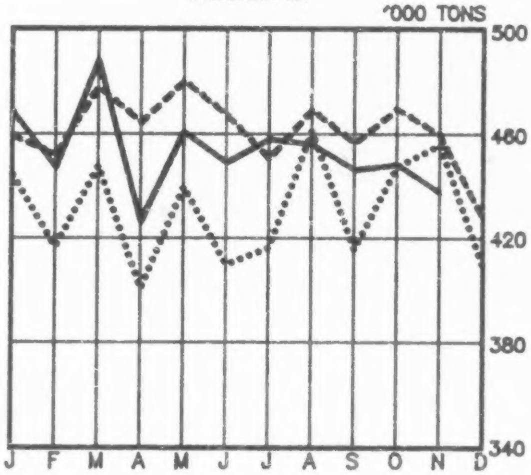
TISSUE PAPER

PRODUCTION



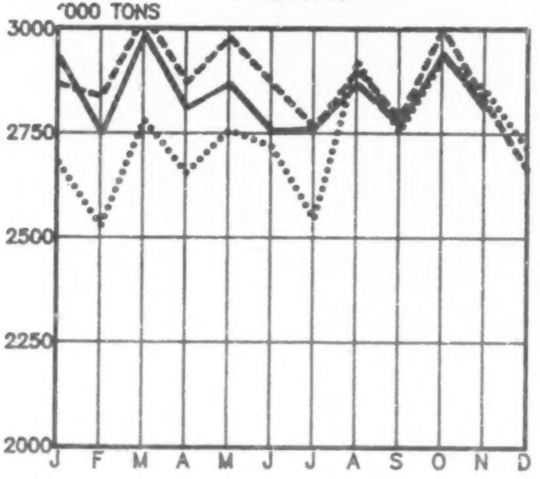
NEWSPRINT

PRODUCTION



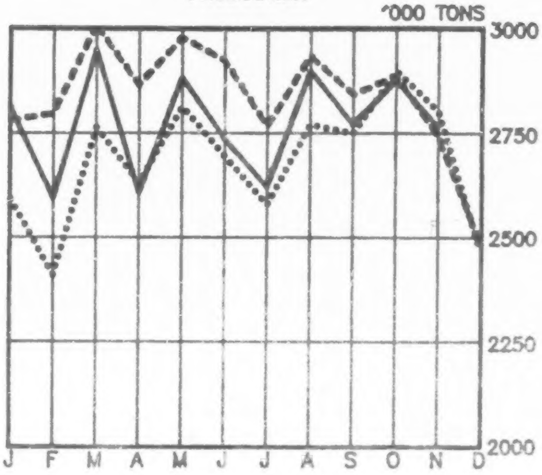
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1983 ········· 1984 ‒ ‒ ‒ ‒ ‒ 1985 ———

FIBROUS RAW MATERIALS
(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1983	YEAR 1984	JULY 1985	AUG. 1985	SEPT. 1985	OCT. 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	84475	88876	7003	7015	6913	7880	86074	-4.0
	- Total Consumpt	85442	87646	7022	6925	6904	7666	86070	-2.6
	- Residues *	32755	32072	2413	2566	2493	2927	30787	-5.2
	- Inventories	5229	5574	4881	4970	4958	5312	5312	-3.0
So. Atlantic	- Total Receipts	25736	27654	2215	2192	2252	2615	27530	-0.3
	- Total Consumpt	25847	27344	2225	2198	2277	2554	27714	1.1
	- Residues *	7904	8198	581	636	627	824	7889	-4.4
	- Inventories	1163	1444	1086	1059	1044	1152	1152	-15.7
Northeast	- Total Receipts	7051	7665	621	599	586	676	7444	-2.0
	- Total Consumpt	7274	7474	624	550	560	593	7429	-1.7
	- Residues *	1199	1501	110	110	126	128	1544	4.8
	- Inventories	577	590	409	425	445	517	517	-2.6
South Central	- Total Receipts	29409	30693	2404	2425	2389	2645	29977	-3.5
	- Total Consumpt	29152	30502	2468	2458	2432	2623	30173	-1.5
	- Residues *	9218	9059	711	768	734	854	9307	2.0
	- Inventories	1536	1304	1148	1121	1149	1193	1193	-11.9
North Central	- Total Receipts	6265	6872	530	558	518	621	6547	-6.5
	- Total Consumpt	6343	6563	502	522	492	556	6320	-5.3
	- Residues *	1822	1472	97	109	118	119	1344	-11.5
	- Inventories	851	906	871	903	895	979	979	10.9
West	- Total Receipts	16014	15992	1233	1241	1168	1323	14575	-10.8
	- Total Consumpt	16826	15763	1203	1197	1143	1340	14434	-10.1
	- Residues *	12612	11842	914	943	888	1002	10703	-11.7
	- Inventories	1102	1330	1367	1462	1425	1471	1471	9.7

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 24-Dec-85

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

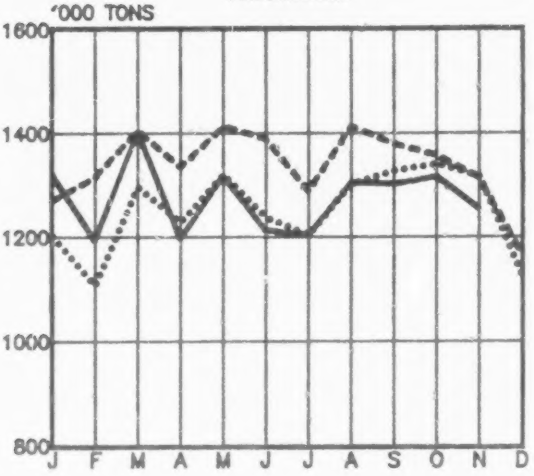
	YEAR 1984 Tons	YEAR 1984 $000's	SEPT. 1985 Tons	SEPT. 1985 $000's	OCT. 1985 Tons	OCT. 1985 $000's	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	E 207520	10591	1141	691	46	4	24794	-87.4
Pulpwood chips	2061370	45353	80394	2030	46512	1116	814283	-62.4
Wood Pulp, Total	4059913	1678908	303416	99886	328847	106965	4027562	0.2
Waste Fibrous Materials, Total	151957	25187	12799	2451	9570	1362	151560	-4.2
Paper, Board & Products, Total	9101285	4048656	846943	367612	837406	379320	9753818	3.7
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9330954	3927255	837939	353869	826034	362899	9664193	3.5
Paper, Paperboard & Products	8948073	3946084	822505	360212	810844	371340	9374420	5.0
Paper & Paperboard, Only	8877742	[illegible]4684	813502	346469	799471	354918	9284794	4.8
Paper, Total	8662094	2205	799141	342896	788251	351780	9133572	5.6
Newsprint	7681341	24596	713986	298077	691727	302430	8140430	5.9
Printing, Writing & Rel. Pap.	852879	457438	69434	36655	78969	39954	820974	-1.3
Pack. & Ind. Conv. Paper	101131	59408	12717	5918	13022	6196	121832	20.4
Special Industrial Paper	3232	5437	288	512	484	608	3386	1.3
Tissue Paper	23512	15326	2716	1735	4048	2592	46949	130.2
Paperboard, Total	215648	62479	14360	3573	11221	3138	151222	-30.7
Convtd Paper&Paperbd Products	70331	121401	9003	13743	11372	16422	89625	30.2
Wet Machine Board	2098	1426	203	145	239	161	2243	4.3
Construction Paper & Board	451113	101146	24235	7256	26324	7820	377155	-19.8

Pulpwood, Roundwood (in cords of 128 cubic feet)	95117	5698	4541	297	7747	458	49188	-42.1
Pulpwood chips	28445	1544	7473	369	10282	577	90530	193.2
Wood Pulp, Total	180850	82653	15099	5891	13990	5116	202510	11.6
Cotton Pulp & Other Pulp	10474	6605	1063	506	1661	805	12443	20.1
Waste Paper	325712	37937	15729	1575	16573	1721	219991	-34.4
Paper, Board & Products, Total	756499	524570	61311	40446	72819	43950	742602	-2.7
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	569696	358082	47847	26635	61766	30584	580147	2.4
Paper, Paperboard & Products	726888	511454	59073	39421	70575	42867	718017	-2.0
Paper & Paperboard, Only	540085	344966	45610	25610	59522	29500	555562	3.7
Paper, Total	296791	245610	20124	17306	22879	19552	281438	-5.3
Newsprint	4493	3678	256	202	316	362	3569	-25.5
Printing, Writing & Rel. Pap.	137839	125802	8607	7758	10917	10017	137986	-1.2
Pack. & Ind. Conv. Paper	46661	26918	2857	1738	3776	2110	44205	-2.2
Special Industrial Paper	104039	85328	7883	7200	7674	6764	92544	-10.9
Tissue Paper	3758	3883	521	409	196	299	3136	-11.6
Paperboard, Total	243294	99357	25486	8304	36643	9949	274124	14.9
Convtd Paper&Paperbd Products	186803	166480	13464	13811	11053	13367	162455	-17.5
Wet Machine Board	5312	3707	519	345	564	440	5606	6.6
Construction Paper & Board	24299	9409	1719	681	1680	643	18979	-26.2

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 24-Dec-85

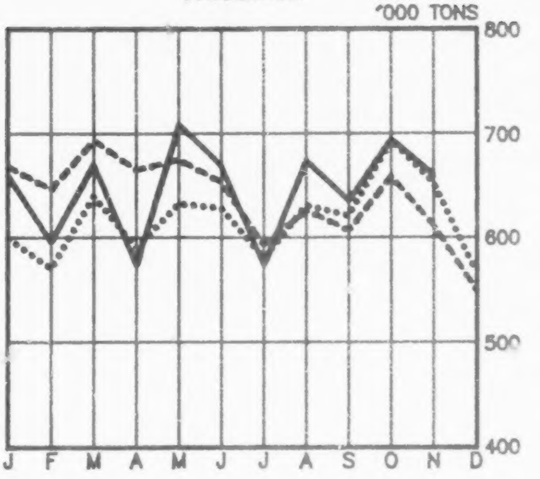
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



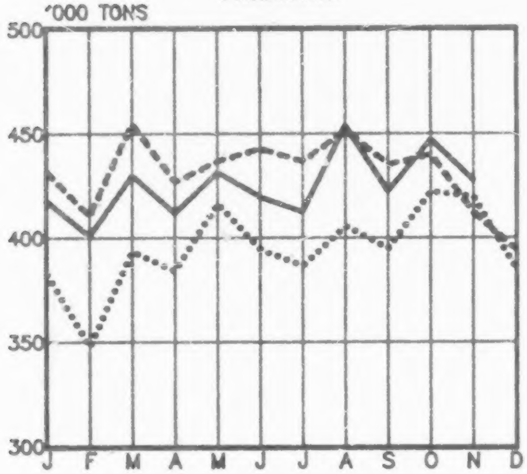
RECYCLED PAPERBOARD

PRODUCTION



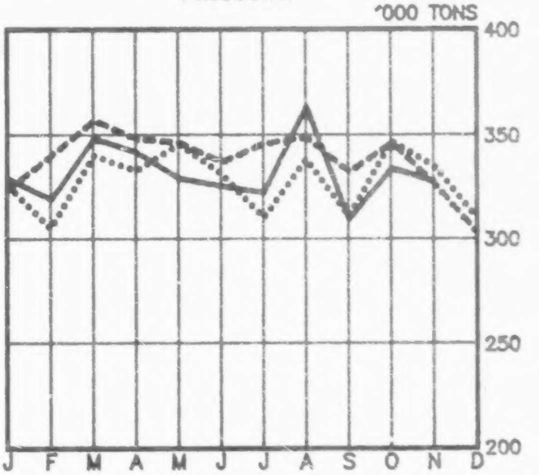
SEMICHEMICAL PAPERBOARD

PRODUCTION



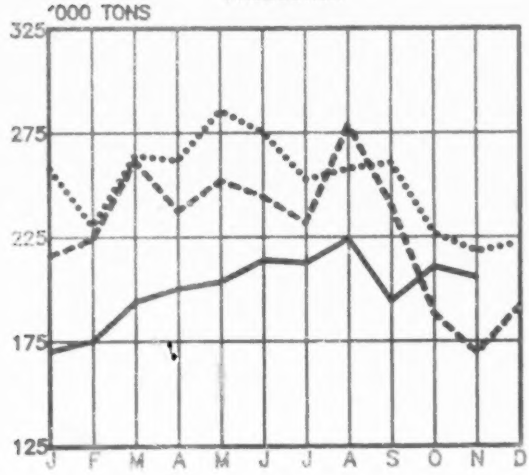
SOLID BLEACHED PAPERBOARD

PRODUCTION



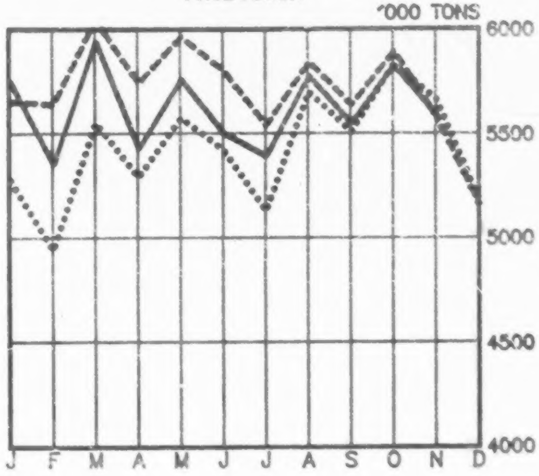
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1983 ········ 1984 ━ ━ ━ ━ 1985 ━━━━━

IMPORTS

	YEAR 1984 Tons	YEAR 1984 $000	SEPT. Tons	SEPT. $000	OCT. Tons	OCT. $000	(1) Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood Roundwood (cords)	207733	10615	1141	691	46	4	36958	-81.2
Pulpwood Chips	2062545	45396	80414	2032	46535	1121	815311	-62.3
Total All Imports	15739471	7204351	1365128	606415	1385705	626330	16250921	3.4
Wood Pulp Total	4490083	1844768	340072	110200	354718	114446	4470816	1.8
Waste Paper	109712	11692	7500	887	8275	957	87404	-21.4
Other Fibrous Materials	64367	24097	6403	2312	2959	1302	88836	27.2
Paper Board & Products Total	11075312	5323794	1011154	493016	1019753	509626	11603865	4.2
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	10854312	4781475	983807	433285	990788	451405	11328079	3.7
Paper Ppbd & Prds ex Cnst&WMB	10575656	5207697	980674	483884	987328	499895	11160578	5.1
Paper & Paperboard Only	10354656	4665378	953327	424152	958363	441674	10884792	4.7
Paper Total	10112041	4591486	936434	419637	945115	437696	10707048	5.5
Newsprint	7893877	3299570	740287	307997	743987	318761	8516640	7.7
Printing & Writing	2042368	1168989	176951	99721	177939	104270	1964695	-4.9
Uncoated Groundwood	1090049	548791	94925	47539	99221	53746	1058668	-2.9
Coated Print.& Impreg. Pap.	428274	295844	39168	29689	39023	28658	514244	23.0
Uncoated Free Sheet	476950	284057	41452	20985	37754	19904	367106	-27.4
Uncoated Book	254926	156296	23726	12007	21029	11430	201470	-23.7
Writing and Similar Paper	222024	127761	17726	8978	16726	8474	165636	-31.4
Thin (except Cigarette)	46427	39513	1392	1499	1876	1851	23627	-53.8
Bristols	667	784	14	11	66	110	1050	58.8
Total Pkg & Other Paper	145484	102565	16407	10120	16517	10363	169468	14.1
Unbleached Kraft Paper	42854	19568	9267	3125	8404	2870	62501	39.6
Other Pkg. & Indust. Paper	102629	82997	7141	6995	8114	7492	106967	3.0
Tissue	30312	20362	2789	1798	6671	4301	56245	100.9
Paperboard, Total	242615	73892	16893	4516	13248	3979	177744	-28.1
Test or Containerboard	70028	22218	4279	1353	3778	1058	50065	-29.2
Semi-Chemical Corrugating	103968	26098	7425	1407	3627	707	63305	-39.6
Other Paperboard	68620	25576	5189	1756	5843	2214	64374	-10.4
Convtd Paper&Paperbd Products	221000	542319	27347	59731	28966	58221	275786	25.9
Paper Products, Total	186199	474151	25103	55015	26580	53628	251323	36.5
Paperboard Products, Total	34800	68168	2244	4716	2386	4593	24463	-30.0
Wet machine Board	2826	2017	282	223	287	190	3315	14.2
Construction Paper & Board	496830	114080	30198	8910	32139	9540	439972	-14.9
Notes								
Other: No Weight Avail. ($000)		195737		20820		20831	220610	11.0
Total Imports Incl. Other($000)		7400088		627235		647161	7525354	2.2

EXPORTS

	YEAR 1984 Tons	YEAR 1984 $000	SEPT. Tons	SEPT. $000	OCT. Tons	OCT. $000	(1) Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood, Roundwood (cords)	95441	5714	5550	342	7747	458	50849	-40.4
Pulpwood Chips	2325213	164058	22428	15534	135761	8796	2040265	-12.2
Total All Exports	11300450	4524778	898130	318466	897805	313930	11245172	-1.6
Wood Pulp,Total	3593585	1501948	297681	104790	268546	91980	3760660	4.2
Cotton Pulp and Other Pulp	84883	63545	10174	6806	8282	5053	105780	24.5
Waste and Old Paper	3235441	408128	231788	24196	281017	28482	3288359	2.5
Paper, Board & Products,Total	4386541	2551157	358487	182675	339960	188414	4090374	-9.7
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3818804	1789129	324478	133078	302650	128214	3592780	-9.0
Paper, Ppbd & Prod ex Cnst&WMB	4308873	2507184	352767	179573	333681	184667	4024398	-9.6
Paper & Paperboard, Only	3741136	1745156	318759	129977	296372	124467	3526804	-8.8
Paper, Total	810547	632490	60877	48437	66085	52353	787940	-2.9
Newsprint	306198	133964	26114	11063	28638	12429	317027	3.3
Printing & Writing	203156	219922	13848	14541	16786	17560	201036	-2.1
Uncoated Groundwood	30405	28875	1974	1969	3017	2786	37224	22.7
Clay Coated Paper	85714	71365	5911	5186	7556	5822	77441	-11.7
Uncoated Free Sheet	65410	87255	4331	5459	5071	6252	66467	2.3
Other Printing & Writing	21627	32427	1631	1928	1142	2700	19904	-11.2
Total Pkg. & Other Paper	284185	259323	19589	21472	19519	20994	250894	-10.9
Unbleached Kraft	106712	44182	5093	2207	5079	2303	71610	-34.4
Other Pkg. & Indust. Paper	177473	214941	14496	19266	14440	18691	179284	4.0
Tissue	17009	19281	1326	1360	1142	1370	18983	8.7
Paperboard, Tota.	2930588	1112666	257882	81540	230287	72114	2738865	-10.4
Solid Wood Pulp	2761732	1040239	234804	74497	202968	66164	2509522	-13.2
Total Linerboard	2058014	628531	180647	43817	155498	38283	1819037	-16.5
Bleached Kraft Linerboard	141367	57788	20111	5852	9393	3487	127765	-5.7
Unbleached Kraft Linerbd	1916667	570743	160536	37965	146105	34797	1691272	-17.3
Other Unbleached Kraft	110878	51270	5426	2424	3822	2100	105408	-12.4
Other Bleached Kraft	543269	348218	42832	27104	38829	24699	529019	-4.5
Semi-Chemical Corrugating	49612	12220	5900	1151	4819	1082	56058	45.5
Recycled Paperboard	168856	72427	23078	7043	27319	5950	229343	40.5
Convtd Paper&Paperbd Products	567737	762028	34009	49596	37309	60200	497594	-14.8
Paper Products, Total	286403	516149	17749	35631	17338	42014	244354	-18.0
Paperboard Products, Total	281334	245879	16259	13965	19971	18186	253240	-11.5
Wet Machine Board	13782	7315	1407	588	1274	760	13113	-4.3
Construction Paper & Board E	63887	16838	4313	2514	5005	2988	52863	-20.6
Notes								
Other: No Weight Avail. ($000)		8841		446		623	6658	-25.4
Total Exports Incl. Other($000)		4533621		318914		314553	4085739	-11.1

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-to-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES

1967 = 100

	1983	1984	AUG.	SEPT.	OCT.	NOV.	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	271.4	292.9	289.8	289.2	288.8	287.7	292.6	0.1
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	273.3	293.8	292.3	291.9	291.6	290.4	295.0	0.6
Total Wood Pulp	347.1	395.0	338.4	337.0	337.7	333.1	348.5	-11.8
Total Paper	282.3	303.2	303.7	303.3	301.4	301.0	303.8	0.3
Total Paper, exc. Newsprint	277.0	301.2	300.1	299.1	296.2	295.3	299.1	-0.7
Newsprint	303.0	324.1	334.9	333.9	331.2	331.0	333.2	3.2
Total Paperboard	250.8	280.6	266.3	266.6	265.9	264.2	276.4	-1.1
Total Paper and Paperboard *	272.4	296.1	292.0	291.8	290.3	289.5	295.2	-0.1
Converted Products	265.4	280.7	286.7	286.2	286.5	285.4	288.3	3.0
Waste Paper	158.6	240.1	141.4	129.5	126.8	126.6	150.9	-38.0
All Commodities	303.1	310.4	307.2	305.8	308.0	309.7	308.7	-0.5
Industrial Commodities	315.7	322.6	323.6	322.5	324.4	325.0	323.9	0.4

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API 24-Dec-85

Paper and Allied Products
Cost Containment Factors in the 1980's
24-Dec-85

	Net Sales	Capital Expenditures	Fossil Fuel & Purchased Electricity per Ton of Ouput	Self-Generated Energy as % of Total	Bureau of Labor Statistics			
					Output Index	Output/ Employee Hour	Output/ Prod. W'ker Hour	First Year Wage Increases
Year	$ Mil	$ Mil	% from 1979	%	'77 = 100	'77 = 100	'77 = 100	%
1979	55,339	5,240	-	46.6	106.0	105.4	106.2	-
1980	56,250	6,520	-4.4	48.3	105.3	105.2	106.4	9.2
1981	62,502	6,110	-8.9	50.0	102.4	104.4	105.5	8.7
1982	60,293	5,600	-12.7	51.9	103.1	111.3	113.7	6.9
1983	65,008	5,920	-19.0	54.4	111.6	120.0	121.8	5.6
1984	71,891	7,210	-22.8	55.2	117.6	123.9	125.5	3.3
1985	72,200 E	[illegible],490	-24.1 *	56.0 *	116.0 E	125.0 E	126.0 E	2.3 **

E - Estimated
* - First Three Quarters
** - Contracts through Dec. 1, 1985

Continued from Page 2

about 3% below its 1984 high. Recycled paperboard goes to a wide variety of end-use markets, including a sizable volume to non-packaging users; its exports are minimal. Use of recycled paperboard gained market share in the important folding box market and showed some improvement in the non-packaging grades as well. The 1985 production total is estimated at 7.7 million tons, about 1% above the 7.6 million tons produced in 1984.

Total paperboard consumption in 1985 (production for domestic use plus imports) is estimated at 30.7 million tons, about 2.5% below the recorded high of 31.5 million tons established in 1984. In terms of furnish, kraft paperboard consumption was down 3.7%; semichemical paperboard, 3.6%; bleached paperboard 2.4%; while recycled paperboard showed a gain of a fraction of one per cent.

FIBROUS RAW MATERIALS

Total production of the chemical paper grades of market pulp rose by 4.3% from October to November 1985, but the 11 months 1985 total was 1.6% below the comparable total for 1984. The November 1985 level of shipments, however, fell 3.1% from October to November and inventories at pulp mills rose by 25,000 tons. This rise reversed the downtrend in these inventories that had been evident since their peak at the end of March 1985. Nonetheless, as of the end of November these inventories were 50,000 tons (10%) below their year-ago level; this was equivalent to 35 days of supply, compared to 42 days of supply as of the end of 1984.

COST CONTAINMENT

Cost containment has been a major priority of paper companies during the 1980's. This is evident in many actions taken by the industry including its investment in plant and equipment. In the 1980-1985 period, paper companies spent $39.8 billion for such purposes, which was equivalent to more than 10% of their total net sales. The Department of Commerce reports that paper companies plan to spend $8.8 billion for new plant and equipment in 1986, 3.7% over 1985's record high total of $8.5 billion, higher than the 2.4% gain projected for all industries. API studies indicate that two-thirds of plant and equipment expenditures by paper companies are directed toward cost reduction and productivity improvements.

The results of these programs show up in various productivity measures in the industry, as shown in the lower table on page 10. API's Energy and Materials Department reports that the paper industry reduced its use of fossil fuels and purchased electrical energy by 24.1% from 1979 through September 1985. This Division also reported that the paper industry increased its use of self-generated and waste fuels from 46.4% of total energy in 1979 to 56.0% in that same period. A major part of this shift stemmed from investment in biomass boilers: in 1979 hogged fuel and bark provided 9.0% of total energy; in the first three quarters of 1985 these fuels provided 16.7% of the total.

Continued on Page 12

Continued from Page 11

A significant part of the industry's capital expenditures are also directed toward capacity expansion. The new mills and new machines have tended to be state-of-the-art equipment that minimizes the cost-per-ton of output. The API Capacity Department reported that paper and paperboard capacity increased by 8,439,000 tons (13.1%) from 1979 to 1985 and wood pulp capacity by 6,515,000 tons (12.6%). In that same period roughly 3 million tons of paper and paperboard capacity were removed from the capacity totals, indicating that more than 11 million tons of efficient modern paper and paperboard capacity was installed since 1979.

Another measure of increased productivity shows up in the employment data. According to the Bureau of Labor Statistics, total employment at paper, paperboard and wood pulp mills amounted to 271,400 employees in 1979. The 1985 figure, based on 10 months data, is estimated at 257,700 employees. In that same period paper and paperboard production (including estimates for building paper and board) rose an estimated 4,400,000 tons (6.8%).

The Bureau of Labor Statistics has also just published an update of its industry productivity data. The Bureau measures productivity in terms of either output per production worker hour and output per total employee hour or output per production worker hour. The Bureau's output index is constructed by weighting production of each grade of paper and paperboard by its value or value added, so that total output growth properly reflects the contribution of strong growth grades like the white paper grades. The output index also includes a measure of wood pulp production. Current estimates of these productivity data are published in our Industry Data Sheet attached to this report.

API estimates that the index of output per employee-hour in pulp, paper and board mills in 1985 will be about 125 (1977=100), 18.8% above the 1979 level. Output per production worker manhour, on this same basis, will be about 126, 18.6% above its 1979 level. The newly-revised data for 1983 and 1984, and API's estimates for the first 11 months of 1985, are shown on the Industry Data Sheet attached to this report.

The table also shows that the productivity growth trend was virtually flat from 1984 to 1985, a typical pattern in times of output declines. First year wage increases in 1985 contracts (to Dec. 1) at the mills that reported such data to the API's Employee Relation Department averaged 2.3%, compared to 3.7% for the same period in 1984 and 9.2% for the full year 1980. This Department also reported that second year wage increases at the mills that reported such information are 3.4%. These percentages do not include cash bonuses included in many of these contracts, which tended to be in the neighborhood of $1,000 per employee.

The table on page 10 summarizes these various trends relating to the paper industry's cost containment programs.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

December 30, 1985

	PRODUCTION (000 TONS)					
	Nov. 85	Oct. 85	Nov. 84	Jan. - 85 -	Nov. 84	% Change 85/84
PAPER GRADES						
Newsprint	438	449	460	4990	5110	-2.4
Printing & Writing	1541	1613	1522	16953	16971	-0.1
Uncoated Groundwood (s)	137	147	126	1385	1452	-4.6
Coated Paper (s)	473	481	530	5416	5743	-5.7
Uncoated Free Sheet Paper (s)	817	870	760	8920	8506	4.9
Thin Paper (s)	21	24	21	255	255	0.0
Cotton Fiber Paper (s)	13	12	12	132	136	-2.9
Bleached Bristols (s)	80	80	74	845	880	-4.1
Tissue Paper	412	432	420	4522	4500	0.5
Total Pkg & Other Paper	421	450	427	4800	5170	-7.2
Unbleached Kraft Packaging & Indl. Converting (s)	273	289	288	3139	3412	-8.0
Other Paper *	148	161	139	1661	1758	-5.5
TOTAL PAPER	2812	2944	2830	31265	31752	-1.5
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	2259	2337	1396	15119	15942	-5.2
Unbleached Kraft Linerboard	2108	2185	1313	14014	14870	-5.8
Other Unbl. Kraft Paperboard	151	152	83	1106	1072	3.1
Semichemical Paperboard	101	89	412	4670	4775	-2.2
Bleached Paperboard	13	20	326	3642	3746	-2.8
Recycled Paperboard	41	37	611	7103	7087	0.2
TOTAL PAPERBOARD	2767	2879	2744	30535	31550	-3.2
TOTAL PAPER AND PAPERBOARD	5580	5823	5574	61799	63302	-2.4

WOOD PULP (ALL GRADES)	Oct. 85	Sept. 85	Oct. 84	Jan. - 85 -	Sept. 84	% Change 85/84
Dissolving & Special Alpha	106	82	103	987	1019	-3.1
Bleached Sulfite	118	114	105	1151	1139	1.1
Unbleached Sulfite	17	14	20	173	223	-22.6
Bleached & Semi-Bl. Sulfate	2044	1808	1978	18907	18698	1.1
Unbleached Sulfate	1687	1668	1748	16354	17554	-6.8
Semichemical	353	324	361	3398	3444	-1.3
Groundwood & Thermomechanical	454	423	460	4431	4627	-4.2
TOTAL PULP DIVISION DATA	4777	4433	4774	45401	46704	-2.8

(s) - Shipments R - Revised
P - Preliminary

DECEMBER 31, 1985

	Full Year		INDUSTRY DATA 1985 R	R	P	Ann. Rate Year - To - Date	% From Same Pd. Last Year
PAPER AND PAPERBOARD -- Tons (000)	1983	1984	Sept	Oct	Nov	1985	
Total Production (API).......: excluding :...	65000	68457	5542	5823	5580	67417	-2.4
Total Seasonally Adjusted....:construction:...			5593	5611	5608	66960	-2.1
Imports (including Products).: and wet :..E	8509	10576	981	987	980	11216	5.4
Exports (including Products).: machine :..E	4501	4309	353	334	341	4030	-7.8
Apparent Consumption.........: grades :...	69006 a	74724 b	6221	6264	6248	74145 c	-0.7
Paper Production % Tonnage Capacity...........	92.0 g	93.4 g	88.1	90.2	89.0	90.5 gh	-
Paperboard Production % Tonnage Capacity......	90.8 g	94.8 g	91.5	91.3	90.8	90.2 g	-
			Aug	Sept	Oct		
IMPORTS.....:Including Construction and :...	8985	11075	910	1011	1020	11604	4.2
EXPORTS.....: WMB Grades (excl. HPB) :...	4568	4387	361	359	340	4090	-9.7
MARKET WOOD PULP PRODUCTION - Tons (000).........	6478	6891	541	519	572	6806	-1.5
TOTAL WOOD PULP PRODUCTION - Tons (000).........	52537	55548	4518	4433	4777	54479	-2.8
WOOD PULP IMPORTS - TONS (000)..................	4093	4490	387	340	355	4471	1.8
WOOD PULP EXPORTS - TONS (000)..................	3644	3594	303	298	269	3762	4.2
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			Aug	Sept	Oct		
Wood Pulp............:consumption for:.....	51434	54664	4500	4359	4689	53603	-2.7
Waste Paper..........:construction & :.....	14696	16015	1294	1244	1309	15222	-3.9
TOTAL.........: WMB grades :.....	66130	70679	5794	5603	5998	68825	-3.0
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	83608	87646	6925	6904	7666	86070	-2.6
EMPLOYMENT (000)			Sept	Oct	Nov		
Paper and Allied Products..........Total......	661.6	682.3	684.2	684.1	688.6	683.2	0.2
Pulp, Paper and Board Mills........Total.....E	258.2	263.9	254.2	254.3	254.0	257.8	-2.3
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.......................	9.94	10.44	10.89	10.89	10.99	10.80	3.7
Pulp, Paper Mills.........................E	11.70	12.45	13.31	13.33	13.33	13.07	5.3
Paperboard Mills..........................E	11.08	12.99	13.67	13.73	13.74	13.53	4.4
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q2	1985 Q3	1985 Q4		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	5.92	7.21	8.10	8.64	9.47	8.49y	17.8
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			Sept	Oct	Nov		
:IN PULP, PAPER :...Production Workers..........	121.9	125.5	123.7	129.9	125.2	126.2	-0.4
:AND BOARD MILLS:...All Employees..............	109.5	123.9	123.4	128.7	124.0	125.0	-0.1
PAPER AND ALLIED PRODUCTS (Million $)			Sept	Oct	Nov		
Industry Shipments (Dept. of Commerce)*........	78209	95990	8111	8097	8127	107048	12.2
Pulp, Paper and Paperboard*..................	36346	41539	3426	3483	3480	45886	11.0
Inventories (End of Period) - Total Industry*..	8729	9701	9660	9629	9658	9629	-1.2
Pulp, Paper and Paperboard*..................	3263	3662	3749	3720	3705	3720	3.7
			1985 Q1	1985 Q2	1985 Q3		
Sales (Corporations Only)......................	65008	71891	17797	18262	17939	71997	-0.5
Earnings (Corporations Only)...................	2327	3015	718	874	601	2924	-13.0
Depreciation (Corporations Only)...............	2607	2798	765	761	804	3107	11.1
Net Worth (Corporations Only)..................	27219	28160	29241	29797	29647	29647	2.9
PRICE INDEXES (Bureau of Labor Stats)1967=100			Sept	Oct	Nov		
Pulp, Paper & Products, ex. Building Grades....	271.4	292.9	289.2	288.8	287.7	292.6	0.1
Wood Pulp......................................	347.1	395.0	337.0	337.7	333.1	348.5	-11.8
Waste Paper....................................	N.A.	240.1	129.5	126.8	126.6	150.9	-38.0
Paper..	282.3	303.2	303.3	301.4	301.0	303.8	0.3
Paperboard.....................................	250.8	280.6	266.6	265.9	264.2	276.4	-1.1
PAPER DEMAND (INDEXED: 1977=100)			Sept	Oct	Nov		
Total Paper Production *.......................	118.6	124.1	122.0	121.6	122.0	122.6	-1.3
Paper New Supply *.............................	123.3	127.7	130.1	130.0	130.1	128.8	0.7
Demand Indicators - (Weighted Average) *.....	123.0	136.7	142.8	143.1	143.3	141.6	3.8
Production of Nondurable Goods *...(21.2%).	113.7	122.5	126.8	127.0	127.1	125.3	2.4
Disposable Income ....*.(23.9%)	116.1	124.0	126.8	127.0	127.5	126.7	2.4
Total Printing and Publishing *...(54.9%).	129.6	147.8	155.9	156.3	156.5	154.4	4.7
Trend Factor				Not Available			
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.................	111.3	117.4	115.1	116.2	115.7	113.9	-2.9
Production for Domestic Use	107.7	115.2	114.3	114.7	114.5	112.8	-2.0
Demand Indicators - (Weighted Average) *.....	107.9	118.3	120.8	120.2	120.8	120.0	1.5
Production of Consumer Goods *...(62.06%)	109.3	118.2	121.7	121.1	121.7	120.3	1.9
Production of Equipment *...(5.75%)	121.7	140.5	148.6	147.7	148.5	147.1	5.0
Production of Materials *...(32.19%)	102.8	114.6	114.1	113.6	114.2	114.5	-0.1
Trend Factor				Not Available			
NEWSPRINT MARKETS			Aug	Sept	Oct		
Consumption by Publishers - Tons (000).........	11671	12612	1041	1081.4	1151.9	12680	1.3
Newspaper Pub. and Printing Empl. Total(000)...	421.6	443.0	454.2	451.9	454.8	451.6	2.4
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)...........	141126	156756	10072	14517	14676	147691	-3.4
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	26532	31876	3049	2798	3152	34534	9.3
Inventories (End of Period).	2341	2724	3038	2966	2948	2948	15.6
FIBRE BOX DATA (Fibre Box Association)			Sept	Oct	Nov		
Fibre Box Shipments (Million square feet).......	252539	267549	22026	25520	20726	266776	-1.4
Container'bd Inventory at Mill & Plant(000Tons).	2437	2882	2561	2492	2480	2480	-6.4
RETAIL TRADE (Million $)			Aug	Sept	Oct		
Total Retail Sales *...........................	1171915	1291835	116977	119538	114546	1248398	6.8
Nondurable Goods Stores Sales *..............	793398	841417	72700	72946	72657	784387	2.8
GENERAL ECONOMIC DATA			Sept	Oct	Nov		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	109.2	121.8	125.0	124.6	125.1	124.3	2.2
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	303.1	310.4	305.8	308.0	309.7	308.7	-0.5
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	298.4	311.1	324.5	325.5	326.6	321.7	3.5
			Aug	Sept	Oct		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	387.9	461.0	513.0	524.4	530.2	530.2	20.1
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q1	1985 Q2	1985 Q3		
G.N.P. or Expenditure - Current $..............	3401.6	3774.675	3917.5	3960.5	4016.2	3964.7	5.8
G.N.P. or Expenditure - 1982 $.................	3275.1	3492.0	3547.8	3557.4	3584.1	3563.1	2.3

lb/capita

	Pap&Papbd		Othr		Totl	Popul(mil)
.a -	589	+	20	=	609	234.5
.b -	631	+	21	=	652	236.7
.c -	622	+	21	=	643	238.6

.E - Last month estimated by API
.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
P - Preliminary
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted

A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY · Vol. 63 · No. 13 JANUARY, 1986

YEAR ENDS ON UPBEAT FOR PAPER INDUSTRY

The trend of paper and paperboard demand gathered strength during the late months of 1985, culminating in a December seasonally adjusted rate at a new high for the year. Year-end shutdowns were kept to a minimum; the unadjusted production total for that month -- 5.4 million tons -- was only 4% below the November total -- less than half the usual decline -- and 4% above the year-ago total.

Paperboard demand was particularly strong, with the December trend level (the average of the November and December seasonally adjusted rates) at 35.0 million tons per year; in the earlier months of 1985 the trend was consistently below 34 million tons per year.

This year-end strength brought the 1985 production total to 67.2 million tons. This was within 1.8% of its 1984 high, with paper production off by 1.2% and paperboard production down 2.5%. The 1985 total was 3.4% above the earlier high of 65 million tons reached in 1983.

PAPER: The 1985 paper production total was 34 million tons. Although there was a mild inventory correction in the spring months of 1985, the rate of paper production held quite steady during the year, with the trend level for each month holding to within 2% of its 1985 monthly average.

There were, however, rather wide differences among the trends for the various grades of paper. Demand was strongest by far for the uncoated free sheet papers. As the table on page 3 shows, shipments of these papers after moving in a flat trend in the last half of 1984 resumed their advance in 1985 and moved to a record high of 9.7 million tons, 5.6% above 1984. The strength in demand was well distributed throughout its market structure. Among the writing paper grades, demand for both writing bond -- used largely for office copy papers -- and form bond -- used largely for computer printout papers -- was also at record-high levels. Shipments of uncoated free sheet paper to commercial printers were also strong, leaving only shipments to book printers and publishers falling significantly short of their year-ago levels. The strong pattern of new orders in the fourth quarter of 1985 suggests continued strength in shipments of uncoated free sheet papers in 1986.

Continued on Page 2

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Continued from Page 1

The strength in demand for domestically-produced *uncoated free sheet papers* was accompanied by a 26% decline in imports (11 months data), which reduced the import total to about 3.7% of new supply. In 1984, reflecting both the strength of the dollar on the international markets and strong domestic demand evident in the early months of that year, imports of these papers were more than twice their 1983 total, accounting for 4.5% of the total new supply.

The strength in demand for uncoated free sheet papers was sufficient to offset weakness in the other major printing-writing paper grades, bringing the 1985 total of all these grades a shade above the 1984 high. As the table on page 3 shows, shipments of all the other major grades in this group were well below their 1984 rates.

The largest decline occured in *coated papers*, where the 5.9 million-tons total was 6.2% below its 1984 high. The demand trend apparently peaked in the first quarter of 1985, and then moved steadily downward in the remaining months of that year (See chart on page 4). New orders remained below shipments during the second and third quarters, but then averaged about 2% above the shipments total in the fourth quarter, indicating that the demand correction could have been completed.

The weakness in demand for domestically-produced coated papers was evident in virtually all its major markets -- magazines, other periodicals, commercial printers. The weakness in the magazine market reflected, in part, a reduction in the demand for magazine advertising linage, a reflection of lackluster retail markets that advertise heavily in magazines.

The strength in new orders evident in the last quarter of 1985 may be the signal of new strength in demand for these papers in 1986, and a shift toward domestically-produced papers. All through 1985, imports of coated printing papers continued the uptrend that began in 1983 and 1984, with the rate for the first 11 months of 1985, 18% above the 1984 total. At 500,000 tons for the year, imports would account for 8% of the total new supply, compared to 6.5% in 1984. This would bring the 1985 new supply to about 6.3 million tons, 5.5% below the 1984 total. The decline in the actual consumption of coated papers was probably much less than that, inasmuch as, users of the papers apparently increased their inventories in 1984 and reduced them in 1985.

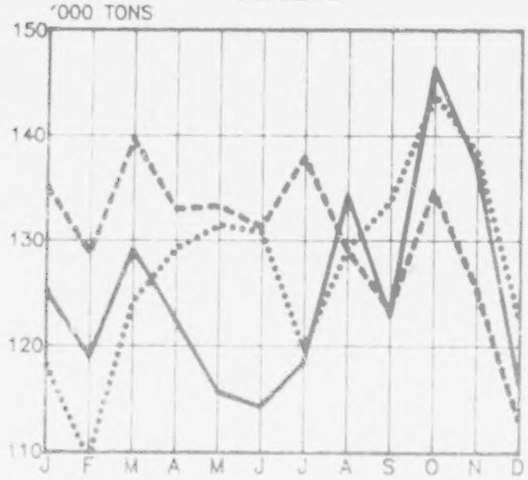
Tissue paper was the only other major paper grade to show a gain from its 1984 total in 1985. The preliminary estimate of 4,941,000 tons of tissue paper production in 1985 puts the total at a new high, a shade above the earlier high reached in 1984. These are primarily consumer papers, with demand largely reflecting trends in consumer income and both the changing demographic patterns of the nation's population and changing life styles.

Continued on Page 10

	YEAR [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Annual Rate [illegible]	% Change [illegible]
PAPER								
Newsprint [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	544	[illegible]	[illegible]
Printing & Writing [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-4.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	145	[illegible]
Coated Papers [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	464	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL PAPER [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PAPERBOARD								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL PAPERBOARD [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
- All Other [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
- Total [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL PAPERBOARD [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL PAPER AND [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

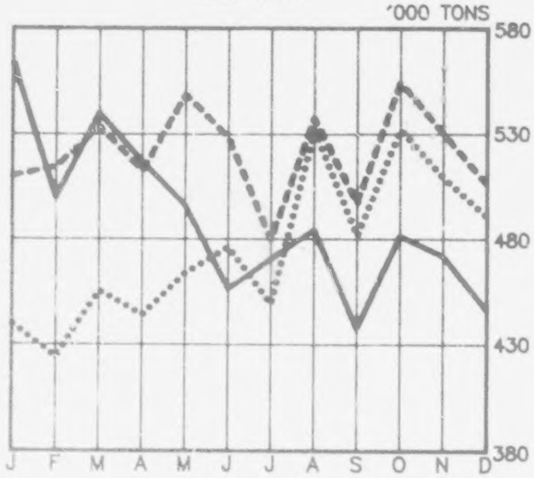
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



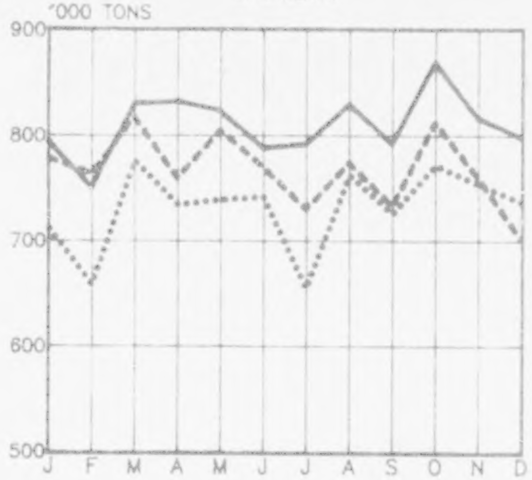
COATED PAPER

SHIPMENTS



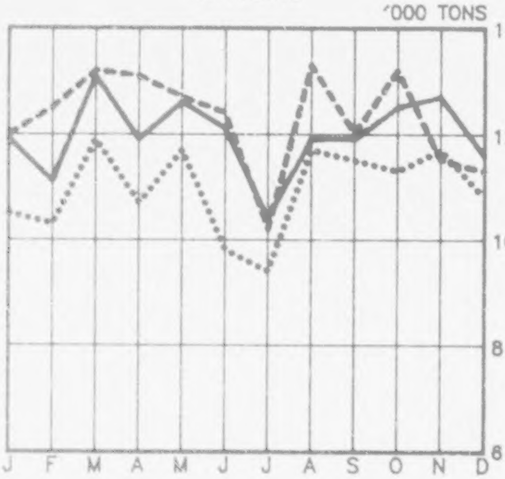
UNCOATED FREE SHEET PAPERS

SHIPMENTS



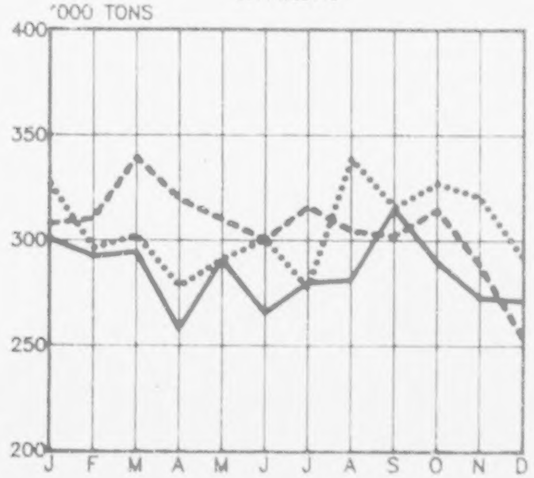
COTTON FIBER PAPER

SHIPMENTS



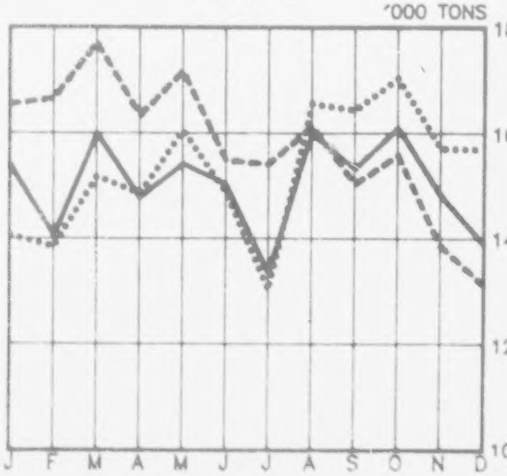
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1983 ········ 1984 – – – – 1985 ——

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR 1983	YEAR 1984	AUG 1985	SEPT 1985	OCT 1985	NOV 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	52537	55548	4518	4411	4595	4521	54263	-2.9
- Imports	4091	4490	387	340	355	401	4502	1.3
- Exports	3644	3594	303	298	269	363	3814	6.5
- New Supply	52984	56444	4602	4453	4681	4560	54951	-3.1
Dissolving Pulp - Production	1261	1236	77	82	106	97	1182	-3.2
- Imports	142	131	13	23	15	17	179	15.0
- Exports	597	595	35	35	45	56	643	11.1
- New Supply	806	772	55	70	76	59	719	-10.0
Paper Grades Chemical Pulp - Production	42358	44732	3666	3604	3683	3676	43723	-2.8
- Imports	3706	4023	364	299	332	365	4123	3.2
- Exports	2958	2843	266	262	220	302	3143	6.6
- New Supply	43106	45912	3764	3642	3796	3739	44703	-2.9
Groundwood and Thermo-Mech. - Production	5306	5508	427	423	454	420	5292	-4.2
- Imports	295	376	12	17	7	19	200	-32.1
- Exports	49	74	2	1	4	4	28	-47.7
- New Supply	5552	5762	437	439	457	435	5464	-5.2
Semi-Chemical - Production	3851	4130	348	324	353	328	4065	-1.2
- Imports			- - - - - - Included in Groundwood Pulp - - - - - -					
- Exports								
- New Supply	3851	4130	348	324	353	328	4065	-1.2
MARKET WOOD PULP								
Total Market Wood Pulp - Production	6478	6801	543	516	569	585	6822	-1.4
- Imports	2945	2968	267	313	239	226	2809	-4.1
- Exports	3421	3511	312	306	290	306	3746	7.6
- New Supply	6002	6258	498	523	518	506	5884	-7.6
Dissolving Pulp - Production	1160	1147	66	80	105	97	1181	-2.6
- Imports	175	204	13	24	11	16	180	-9.7
- Exports	654	640	43	41	53	51	653	-1.6
- New Supply	672	710	36	63	63	62	708	-1.5
Paper Grades Chemical Pulp - Production	5309	5480	463	435	482	487	5627	-1.2
- Imports	2646	2664	254	173	225	194	2537	-4.0
- Exports	2725	2821	263	263	257	255	3092	10.3
- New Supply	5230	5324	455	345	450	427	5072	-8.3
Groundwood Pulp and All Other - Production	12	13	2	2	1	2	14	7.3
- Imports	36	102	4	16	4	15	91	2.7
- Exports	1	0	0	0	0	0	1	0.0
- New Supply	47	115	6	18	5	17	104	2.5

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division; Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

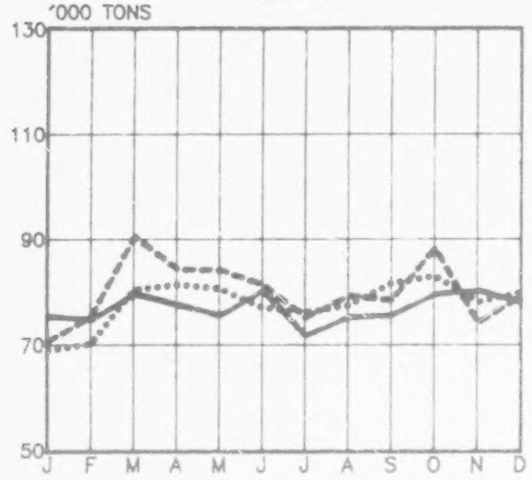
FIBROUS RAW MATERIALS
(Thousands of Tons)

	YEAR 1983	YEAR 1984	AUG 1985	SEPT 1985	OCT 1985	NOV 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	66130	72670	5748	5604	5931	5687	68702	-2.8
Total Wood Pulp	51414	54554	4355	4359	4597	4400	53431	-2.7
Waste Paper	14698	18016	1393	1244	1334	1287	15271	-3.5
INVENTORIES								
Own Use Wood Pulp at Pulp Mills	170	174	180	184	176	148	190	18.1
Mkt Pulp at Pulp Mills (Paper Grades)	354	585	541	502	507	537	537	-9.2
Mkt Pulp at Ppr. & Bd. Mills *	556	464	418	477	426	398	398	-14.4
Waste Paper at Paper and Bd. Mills	920	1025	958	933	936	954	954	-3.8
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	28	42	35	32	33	35	35	-16.7

* SOURCES: Wood Pulp Data: Pulp Division; Pulp, Materials and Technology Group, API. Waste Paper Data: Paper Recycling Committee, API.
P - Preliminary; R - Revised; [illegible] - Indicates [illegible] short tons.

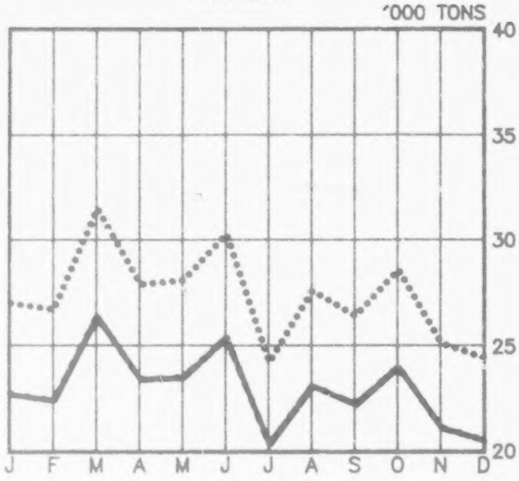
BLEACHED BRISTOLS

PRODUCTION



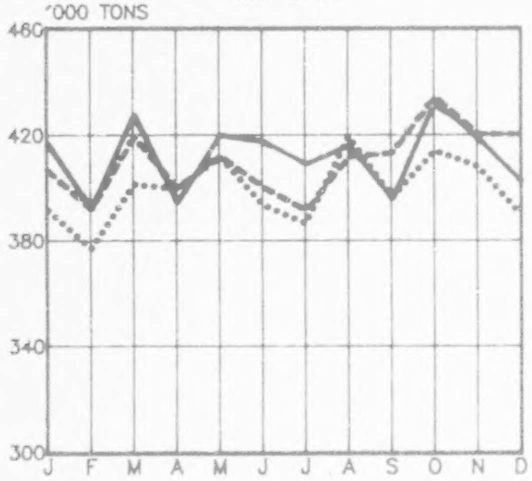
THIN PAPER

PRODUCTION



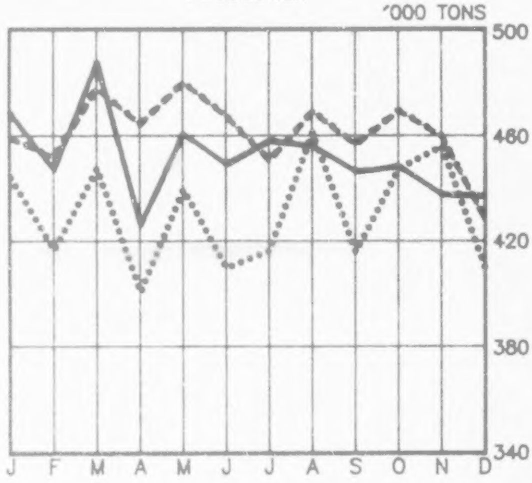
TISSUE PAPER

PRODUCTION



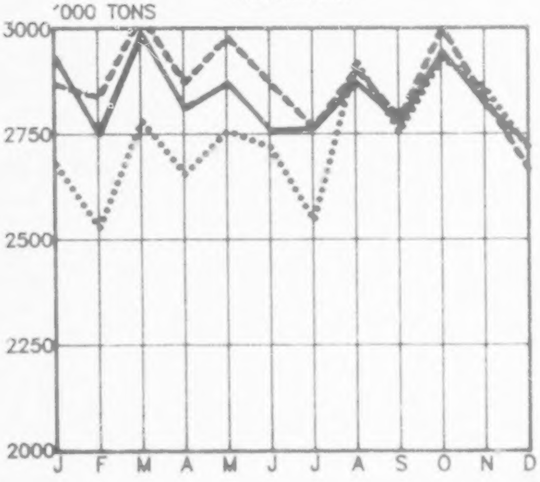
NEWSPRINT

PRODUCTION



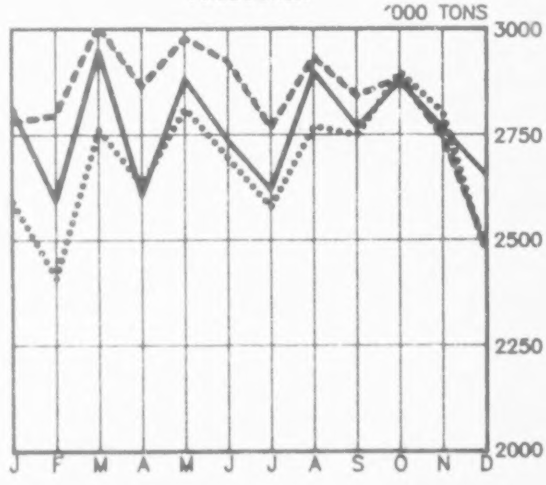
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1983 ········ 1984 ━ ━ ━ ━1985 ━━━━

PULPWOOD RAW MATERIALS

(Thousands of Standard (128 Cubic Foot) Cords)

		YEAR 1983	YEAR 1984	AUG. 1985	SEPT. 1985	OCT. 1985	NOV. 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	84475	88876	7010	6913	7880	6914	85791	-4.0
	- Total Consumption	87442	87848	6925	6394	7606	7162	86004	-2.4
	- Residues *	32790	32072	2766	2491	2927	2488	30793	-5.1
	- Inventories	5219	5314	4950	4493	5312	5062	5062	-4.7
So. Atlantic	- Total Receipts	27736	27654	2192	2257	2615	2322	27561	-0.4
	- Total Consumption	27847	27544	2298	2207	2224	2406	27849	1.3
	- Residues *	7903	8238	816	627	824	[illegible]	7947	-3.6
	- Inventories	[illegible]	2444	[illegible]	2144	[illegible]	1599	1599	-17.6
Northeast	- Total Receipts	[illegible]	[illegible]	599	596	676	606	7420	-1.3
	- Total Consumption	7254	[illegible]	[illegible]	660	593	614	7412	-1.0
	- Residues *	1583	[illegible]	[illegible]	136	129	149	1565	6.0
	- Inventories	[illegible]	540	830	830	587	505	505	-7.3
South Central	- Total Receipts	29409	30633	2429	2183	2649	2417	29859	-2.8
	- Total Consumption	29191	[illegible]	2574	2411	2621	2576	30924	-1.9
	- Residues *	4216	4184	325	336	378	317	4276	1.8
	- Inventories	1326	1604	1311	1147	1247	1192	1192	-7.4
North Central	- Total Receipts	6261	6490	554	500	621	484	6485	-6.6
	- Total Consumption	6540	6767	544	572	556	523	6306	-5.0
	- Residues *	1525	1271	109	130	116	94	1324	-12.1
	- Inventories	[illegible]	880	900	876	878	896	896	5.7
West	- Total Receipts	16618	15888	981	1186	1211	1081	14429	-10.6
	- Total Consumption	16806	15163	1121	1143	1186	1122	14432	-9.4
	- Residues *	14013	13842	943	960	1042	963	13608	-11.6
	- Inventories	[illegible]	[illegible]	1402	1412	1412	1379	1379	3.3

* — Consumption of Residues [illegible] American Pulpwood Association 13-Jan-86

[illegible] WITH CANADA

(METRIC TONS) CANADA

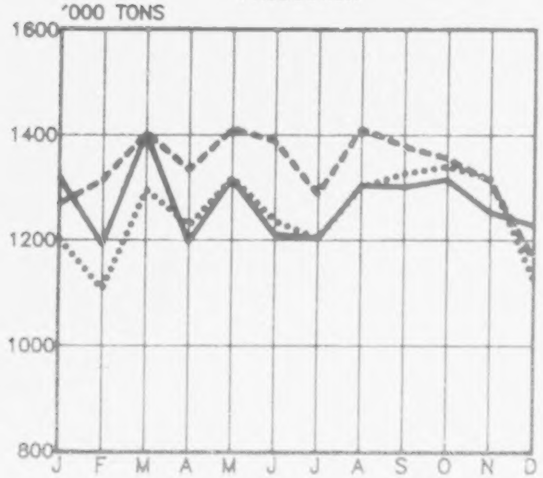
	1984 Year [illegible]	[illegible]	[illegible]	[illegible]	NOV. [illegible]	1985 [illegible]	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 Cubic Feet)	227122	19597	40	1	844	11	23481	-89.0
Pulpwood Chips	276110	45012	46712	1116	46712	1162	740123	-63.5
Wood Pulp, Total	4025373	3274500	337214	276465	349733	317824	4042297	-0.2
Waste Fibrous Materials, Other	13175	[illegible]	4771	1962	8611	1452	147224	-5.8
Paper, Board & Products, Total	7465197	8143516	723104	779528	808427	361284	8779154	3.4
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	7252154	[illegible]	377214	712894	709144	718466	8637860	3.2
Paper, Paperboard & Products	8340291	8149051	807544	[illegible]	798674	[illegible]	8362779	4.7
Paper & Paperboard, Only	8277182	7998858	714476	714419	771411	781429	8290319	4.5
Paper, Total	7692648	7762261	698625	677390	657502	[illegible]	8138024	5.4
Newsprint	6691440	6224058	643727	611400	688160	[illegible]	6729410	5.8
Printing, Writing & Rel. Pap.	867800	877450	78668	59008	83177	43561	837275	1.1
Pack. & Ind. Conv. Paper	[illegible]	74428	11117	11206	[illegible]	[illegible]	125979	14.4
Special Industrial Paper	9212	5421	456	408	776	565	9438	5.7
Tissue Paper	27713	30118	4147	2742	2481	1830	41480	110.1
Paperboard, Total	213440	66479	13351	3159	13343	1603	152303	-28.4
Convtd Paper&Paperbd Products	70122	102143	[illegible]	16422	9482	14327	92258	32.7
Wet Machine Board	2044	1420	16	182	151	94	2267	-1.2
Construction Paper & Board	451122	[illegible]	16544	7425	17947	16444	369316	-21.8

Pulpwood, Roundwood (in cords of 128 Cubic Feet)	99117	3608	1591	476	8411	379	53184	-41.7
Pulpwood Chips	28443	2141	19286	277	5984	361	86825	207.0
Wood Pulp, Total	180050	15677	15900	5126	17879	7656	202285	12.4
Cotton Pulp & Other Pulp	12474	665	1181	965	3016	951	17944	27.2
Waste Paper	327142	13917	36111	[illegible]	13182	1776	211179	-30.7
Paper, Board & Products, Total	759404	38457	17279	13895	[illegible]	25108	759650	-2.1
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	568665	114292	43762	17184	41134	21781	579448	1.8
Paper, Paperboard & Products	586808	117458	50570	18561	39610	32104	571409	-1.6
Paper & Paperboard, Only	540085	143966	54072	15830	45546	27891	564707	4.3
Paper, Total	296798	247612	22875	18571	17453	13458	275402	-6.8
Newsprint	4449	3678	316	364	477	499	3765	-17.8
Printing, Writing & Rel. Pap.	133839	127882	10617	10617	9852	8615	136190	1.7
Pack. & Ind. Conv. Paper	46663	38438	3576	2752	2553	1834	42751	-7.5
Special Industrial Paper	104274	85728	7674	6783	7114	4674	89708	-9.7
Tissue Paper	7758	3883	180	299	124	287	2987	-22.0
Paperboard, Total	243294	46187	36613	4444	27879	7419	279383	16.6
Convtd Paper&Paperbd Products	186801	156409	11873	11307	10093	8471	158611	15.4
Wet Machine Board	5312	5557	364	340	328	294	5434	5.8
Construction Paper & Board	24294	5459	1682	881	1791	874	19197	-21.6

SOURCE: Bureau of Census, Department of Commerce [illegible] 13-Jan-86

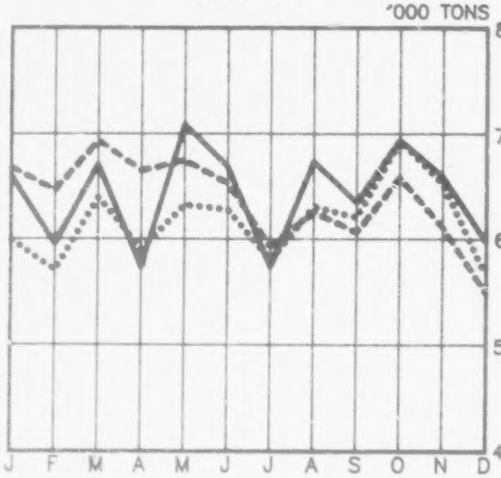
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



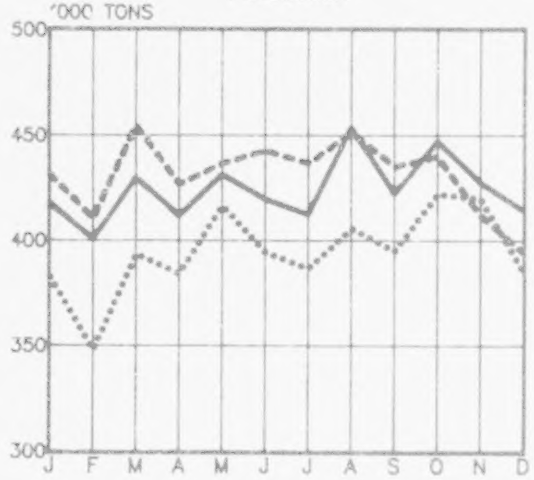
RECYCLED PAPERBOARD

PRODUCTION



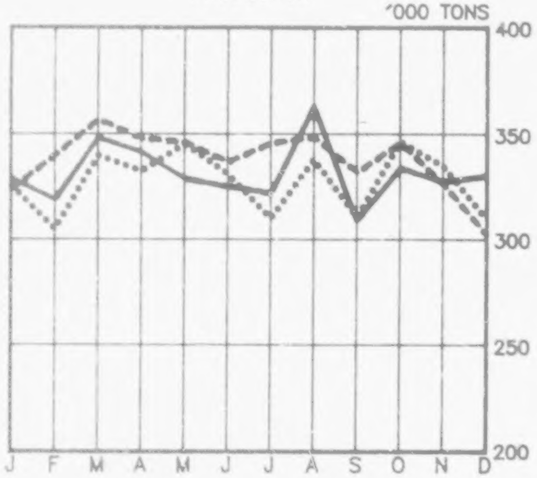
SEMICHEMICAL PAPERBOARD

PRODUCTION



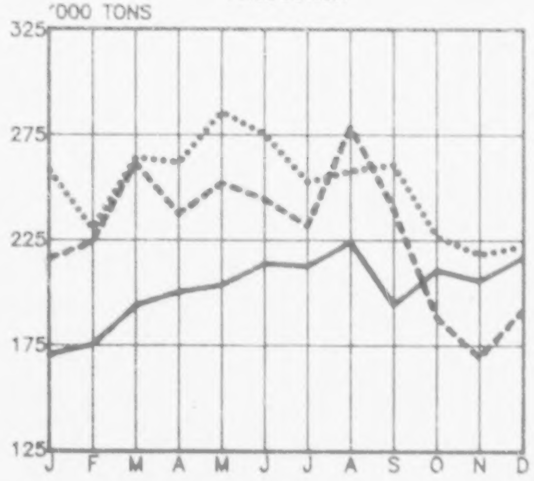
SOLID BLEACHED PAPERBOARD

PRODUCTION



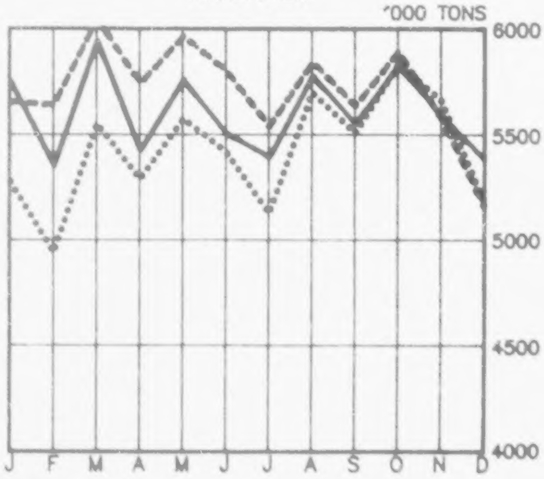
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1983 ········ 1984 - - - - - 1985 ——

[illegible]

	[illegible]	[illegible]	[illegible]	[illegible]	Nov. [illegible]	Nov. [illegible]	(1) Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood, Roundwood [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	44	51	34519	-63.8
Pulpwood Chips	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1115	391036	-62.5
Total All Imports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	633514	16249155	2.9
Wood Pulp, Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	127577	4502165	1.3
Waste Paper	[illegible]	[illegible]	[illegible]	[illegible]	374	3089	37593	-29.9
Other Fibrous Materials	[illegible]	[illegible]	[illegible]	[illegible]	2734	1083	83721	24.1
Paper, Board & Products, Total	[illegible]	[illegible]	[illegible]	[illegible]	941232	[illegible]	11575766	3.7
Paper, Paperboard, Wet Machine Bd. & Construction Paper & Board	[illegible]	[illegible]	[illegible]	[illegible]	915998	[illegible]	11292415	3.3
Paper, Prod's & Board ex. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11144993	4.2
Paper & Paperboard, Only	[illegible]	[illegible]	[illegible]	[illegible]	890419	[illegible]	10866642	4.1
Paper, Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10686233	5.0
Newsprint	[illegible]	[illegible]	[illegible]	[illegible]	691408	[illegible]	8498664	7.1
Printing & Writing	[illegible]	[illegible]	[illegible]	[illegible]	165918	92745	1965888	-5.7
Uncoated Groundwood	[illegible]	[illegible]	[illegible]	[illegible]	97119	47849	1070555	-3.8
Coated Print. & Convert. Paper	[illegible]	[illegible]	[illegible]	[illegible]	44156	24138	504755	18.3
Uncoated Free Sheet	[illegible]	[illegible]	[illegible]	[illegible]	29729	13962	366183	-26.2
Uncoated Book	[illegible]	[illegible]	[illegible]	[illegible]	15994	8001	201693	-23.2
Writing and Similar Papers	[illegible]	[illegible]	[illegible]	[illegible]	12311	[illegible]	144469	-29.6
Thin (Except Cigarette)	[illegible]	[illegible]	[illegible]	[illegible]	1738	1867	21375	-53.6
Bristols	[illegible]	784	[illegible]	[illegible]	78	78	1040	60.2
Total Pkg & Other Paper	[illegible]	[illegible]	[illegible]	[illegible]	13322	9365	168594	11.1
Unbleached Kraft Paper	[illegible]	[illegible]	[illegible]	[illegible]	8397	2209	62254	36.7
Other Pkg. & Indust. Paper	[illegible]	[illegible]	[illegible]	[illegible]	9024	7536	106340	2.0
Tissue	[illegible]	[illegible]	[illegible]	[illegible]	3629	2332	35287	38.7
Paperboard, Total	[illegible]	[illegible]	[illegible]	[illegible]	13253	5565	180409	-25.4
Test or Containerboard	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	718	51095	-27.7
Semi-Chemical Corrugating	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1206	63226	-37.8
Other Paperboard	[illegible]	[illegible]	[illegible]	[illegible]	6327	2611	66088	-7.3
Conv'd Paper&Paperbd. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	58135	278351	25.1
Paper Products, Total	[illegible]	[illegible]	[illegible]	[illegible]	20324	54640	253974	35.5
Paperboard Products, Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3495	24377	-30.6
Wet Machine Board	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.6
Construction Paper & Board	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1833	427477	-16.8
Notes								
Short Ton Weight Basis [illegible]		[illegible]		[illegible]		[illegible]	124795	12.5
Total Imports Incl. Other [illegible]		[illegible]		[illegible]		628714	[illegible]	3.1

[illegible]

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pulpwood, Roundwood [illegible]	[illegible]	[illegible]	[illegible]	414	76132	174	72896	-42.2
Pulpwood Chips	[illegible]	[illegible]	[illegible]	8256	234026	17198	[illegible]	-3.1
Total All Exports	[illegible]	482417	[illegible]	[illegible]	804123	343554	11180427	-0.4
Wood Pulp, Total	[illegible]	[illegible]	[illegible]	43662	362602	122042	3614345	6.3
Cotton Pulp and Other Pulp	[illegible]	[illegible]	[illegible]	[illegible]	9108	4292	[illegible]	26.5
Waste and Old Paper	[illegible]	[illegible]	[illegible]	25461	268830	25774	3182686	2.2
Paper, Board & Products, Total	[illegible]	[illegible]	133460	168414	329727	100347	4078223	-8.4
Paper, Paperboard, Wet-Machine Bd. & Construction Paper & Board	[illegible]	[illegible]	[illegible]	[illegible]	288983	[illegible]	3581418	-7.5
Paper, Prod's & Bd ex Containers	[illegible]	[illegible]	[illegible]	[illegible]	322839	185750	4010732	-8.3
Paper & Paperboard, Only	[illegible]	[illegible]	[illegible]	124467	262096	170147	3513927	-7.4
Paper, Total	[illegible]	[illegible]	[illegible]	[illegible]	58469	53605	780094	-3.4
Newsprint	[illegible]	[illegible]	[illegible]	22429	21434	10894	311578	0.2
Printing & Writing	[illegible]	[illegible]	[illegible]	[illegible]	20793	16749	205444	0.6
Uncoated Groundwood	[illegible]	[illegible]	[illegible]	[illegible]	3368	1784	17515	25.0
Clay Coated Paper	[illegible]	[illegible]	[illegible]	5631	11618	5971	83084	-3.9
Uncoated Free Sheet	[illegible]	[illegible]	[illegible]	8251	4740	7806	65602	0.2
Other Printing & Writing	[illegible]	[illegible]	[illegible]	2790	[illegible]	1538	39243	-13.4
Total Pkg. & Other Paper	[illegible]	[illegible]	[illegible]	20884	14089	24494	243999	-11.3
Unbleached Kraft	[illegible]	44191	[illegible]	[illegible]	3838	1632	69255	-14.9
Other Pkg. & Indust. Paper	[illegible]	[illegible]	[illegible]	18680	10760	22862	174745	3.5
Tissue	[illegible]	[illegible]	[illegible]	[illegible]	2665	2117	19073	10.6
Paperboard, Total	[illegible]	[illegible]	[illegible]	72214	203627	96542	2733833	-8.5
Solid Wood Pulp	[illegible]	[illegible]	[illegible]	66164	199701	69707	2499239	-11.4
Total Linerboard	[illegible]	[illegible]	[illegible]	36287	139952	35521	1806345	-14.6
Bleached Kraft Linerboard	[illegible]	[illegible]	[illegible]	[illegible]	14692	3862	131523	-1.9
Unbleached Kraft Linerboard	[illegible]	[illegible]	[illegible]	[illegible]	125661	31642	1674822	-15.5
Other Unbleached Kraft	[illegible]	[illegible]	[illegible]	[illegible]	13190	4538	99311	-14.7
Other Bleached Kraft	[illegible]	[illegible]	[illegible]	[illegible]	48967	11152	315436	3.0
Semi-Chemical Corrugating	[illegible]	[illegible]	[illegible]	[illegible]	8987	1609	98147	52.2
Recycled Paperboard	[illegible]	[illegible]	[illegible]	5963	23325	6817	234594	42.1
Conv'd Paper&Paperbd Pr. Total	[illegible]	[illegible]	[illegible]	[illegible]	47744	55614	496806	-14.1
Paper Products, Total	[illegible]	[illegible]	[illegible]	42134	27424	36962	241152	-17.7
Paperboard Products, Total	[illegible]	[illegible]	[illegible]	[illegible]	20320	18652	255654	-10.4
Wet Machine Board	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	614	12651	-6.1
Construction Paper & Board	[illegible]	[illegible]	[illegible]	[illegible]	4227	4331	54838	-15.1
Notes								
Short Ton Weight Basis [illegible]		[illegible]		[illegible]		722	8424	28.0
Total Exports Incl. [illegible]		[illegible]		[illegible]		344494	4389923	-10.4

[illegible]

(1) Annual Rate [illegible]

P A P E R   P R I C E   I N D E X E S
(1967 = 100)

	1983	1984	[illegible]	OCT.	NOV.	[illegible]	Annual Rate Y-T-D 1985	% Change from Same Period Last Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	292.2	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	294.6	[illegible]
Total Wood Pulp	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	347.2	-12.1
Total Paper	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	301.6	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	298.8	-0.8
Newsprint	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	332.9	2.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	294.8	-0.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Waste Paper	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All Commodities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	308.9	-0.5
Industrial Commodities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.4

Source: [illegible] U.S. Department of [illegible]   * Computed by API   14-Jan-86

Continued from Page 2

Demand for the packaging papers showed the largest declines, with unbleached kraft papers falling 7% from their year-ago rates. Declines were evident in virtually all the major kraft paper markets, reflecting further inroads of flexible plastic packaging materials.

PAPERBOARD: Although demand for paperboard did show a decline from the record high 1984 rate in 1985, much of the weakness can be traced to declines in exports. Production of paperboard for export, as shown in the table on page 3, fell by 11.5%, largely reflecting a 16% decline in kraft linerboard exports.

Production of containerboard for domestic use in 1985 declined by 2.5% from its 1984 level,to 20.4 million tons per year. Shipments of corrugated shipping containers in 1985, at 264 billion square feet, showed a smaller 1.3% decline. The difference can be largely traced to reduction in inventories of containerboard at mills and plants in 1985. Inventories at both mills and plants declined by 353,000 tons during 1985, compared to a gain of 396,000 tons in 1984.

Production of boxboard for domestic use, less affected by inventory changes, showed only a 0.5% decline from its 1984 total in 1985. Folding boxboard production for domestic use held the gains it made in 1984, matching its 1984 total. More importantly, the December 1985 total was 11% ahead of its year-earlier level, with the solid bleached and recycled folding boxboard grades sharing equally in the gains. For 1985 as a whole, however, production of solid bleached folding boxboard for domestic use eased by 1.7%, while the recycled grades showed a 1.7% gain.

Continued on Page 11

Production of the milk carton and food service grades followed a pattern somewhat similar to that of folding boxboard, with the December 1984 total 10% ahead of its year-earlier level and total output for the year down 0.7%. However, demand for milk carton stock continued its long-term downtrend in 1985, while output of cup and container stock showed a modest increase and plate, dish and tray stock held steady.

In sum, it appears that demand for paper and paperboard turned around smartly in the closing months of 1985. The paper industry is entering 1986 with a production rate in the neighborhood of 69 million tons per year, which if sustained, would bring the 1986 total to another new high.

IMPORTS & EXPORTS

Total tonnage imports of paper, paperboard and products (excluding the construction grades) for the first eleven months of 1985 were 4.7% above their comparable year-ago figure, as shown in the table on page 9. Although the trade-weighted value of the dollar at the end of the year was 25% below the peak reached in early March, paper and paperboard imports increased in the September-November period. The rate in those three months was 11.5 million tons per year, compared to a 10.7 million tons per year rate in the previous five months. It normally takes some time -- six months to a year is not unusual -- for a decline in the international value of a currency to make a real impact on the rate of imports or exports. Imports of paper and paperboard in November did move downward. The November total amounted to 916,000 tons, 71,000 tons below the October level.

The October-November rate of imports was equivalent to 15% of the estimated new supply total of paper, paperboard and products for the quarter. For all of 1985, imports accounted for about 14% of total new supply. The 1985 new supply total, estimated on the basis of the 12-month production total and 11 months total of imports and exports, amounted to 74.[illegible] million tons, 0.5% below the 1984 high of 74.7 million tons.

Wood pulp imports in November 1985, at 401,000 tons, were 47,000 tons above their October level and some 7% above the January-November 1985 monthly average, but 3% below their year earlier level. Total wood pulp imports in the first 11 months of 1985 were at the rate of 4.5 million tons per year, 1.3% above the comparable 1982 rate.

The total of all imports of paper and allied products -- including waste paper -- for the first 11 months of 1985 was at a rate of 16.2 million tons per year, up 2.9% from the same time period last year. The dollar value was at the rate of $7.5 billion per year, also up 1.3%, pointed to a stable average-value-per-ton rate.

Continued on Page 12

Continued from Page 11

Among the paper grades newsprint imports continued strong rising 7.3% above the 1984 level, with around 2% of the gain coming from markets other than Canada. Imports of packaging and tissue papers were also above their 1984 levels, at 13.1% and 88.7% respectively, although the latter gain represented only 25,000 tons per year.

Exports, still reflecting in part the strength of the dollar, were down from their year-ago levels. Exports of paper, paperboard and products (excluding the construction grades) for the first 11 months of 1985 were at a rate of 4.0 million tons per year, 8.3% below their year-earlier rate. This decline continued to center on the paperboard grades, with an especially sharp drop in kraft linerboard.

Paper exports were down 3.4%, paced by an 11% decline in exports of packaging and other paper. The decline was centered on unbleached kraft paper exports, which fell 35%, to a 69,000 tons per year rate. The larger export total of the other packaging papers, at 175,000 tons per year, were 3.5% above their corresponding 1984 levels. Exports of tissue rose 10.6%, to a 19,000 tons per year rate.

In addition to the imports and exports data in the table on page 9, data on paperboard production for exports, as reported to the API, are shown in the table on page 3.

FIBROUS RAW MATERIALS

Production of chemical paper grade market pulp declined seasonally by 55,000 tons in December, to 394,000, tons bringing the total for the year to 5.6 million tons, 1.6% below the year-earlier total. Total shipments of these grades in 1985, however, were up 4%, to 5.7 million tons, reflecting a 117,000 ton reduction in inventories at market pulp mills. This brought the year-end level of inventories to 30 days of supply at the rate of shipment during the preceding three months, compared with 35 for November and 42 for December of 1984.

Imports of chemical paper grade market pulp in December amounted to 217,000 tons, 12.5% below their year-ago level. The 11 month 1985 rate was 2.5 million tons per year, 4% below their comparable year-ago level.

Exports of chemical paper grade market pulp in 1985 totaled 3.1 million tons, 10.3% above their 1984 total. The gains were concentrated in exports to Japan and other countries outside Western Europe. Exports to Japan, which accounted for 18% of the total, were 10% above their 1984 level, while exports to "other" countries (34 of the total) rose by 32%. Exports to the Western Europe market (including the United Kingdom), which accounted for 44% of the total, were down by 2%. The other 4% went to Canada; these exports rose by 14%.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

January 31, 1986

	PRODUCTION (000 TONS)					
	Dec. 85	Nov. 85	Dec. 84	Jan. - 85 -	Dec. 84	% Change 85/84
PAPER GRADES						
Newsprint	437	438	429	5427	5539	-2.0
Printing & Writing	1472	1540	1432	18426	18403	0.1
Uncoated Groundwood (s)	117	137	113	1502	1565	-4.0
Coated Paper (s)	446	472	506	5861	6249	-6.2
Uncoated Free Sheet Paper (s)	799	817	702	9722	9207	5.6
Thin Paper (s)	21	21	21	275	275	0.0
Cotton Fiber Paper (s)	12	13	11	144	147	-2.4
Bleached Bristols (s)	78	80	79	923	959	-3.8
Tissue Paper	402	419	420	4941	4921	0.4
Total Pkg & Other Paper	410	421	385	5210	5555	-6.2
Unbleached Kraft Packaging & Indl. Converting (s)	271	273	254	3410	3666	-7.0
Other Paper *	139	148	131	1800	1889	-4.8
TOTAL PAPER	2721	2817	2666	34004	34417	-1.2
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1314	1354	1243	16434	17185	-4.4
Unbleached Kraft Linerboard	1229	1253	1167	15242	16037	-5.0
Other Unbl. Kraft Paperboard	86	101	77	1191	1149	3.7
Semichemical Paperboard	414	427	394	5084	5169	-1.6
Bleached Paperboard	330	327	303	3972	4048	-1.9
Recycled Paperboard	598	659	549	7701	7637	0.8
TOTAL PAPERBOARD	2656	2767	2489	33190	34039	-2.5
TOTAL PAPER AND PAPERBOARD	5377	5584	5155	67195	68457	-1.8

WOOD PULP (ALL GRADES)	Nov. 85	Oct. 85	Nov. 84	Jan. - 85 -	Nov. 84	% Change 85/84
Dissolving & Special Alpha	97	106	101	1084	1120	-3.2
Bleached Sulfite	112	118	108	1263	1247	1.2
Unbleached Sulfite	16	17	19	189	242	-22.1
Bleached & Semi-Bl. Sulfate	1950	1862	1862	20675	20560	0.6
Unbleached Sulfate	1599	1687	1644	17953	19198	-6.5
Semichemical	328	353	326	3726	3770	-1.2
Groundwood & Thermomechanical	420	454	437	4851	5065	-4.2
TOTAL PULP DIVISION DATA	4521	4595	4497	49741	51202	-2.9

(s) - Shipments R - Revised
P - Preliminary

JANUARY 31, 1985	Full Year		INDUSTRY DATA 1985			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1983	1984	Oct	Nov	Dec	1985	
Total Production (API).......: excluding :...	65000	68457	5825	5584	5377	67193	-1.8
Total Seasonally Adjusted....:construction:...			5613	5613	5943	67342	-1.5
Imports (including Products).: and wet :..E	8509	10576	987	916	920	11137	5.3
Exports (including Products).: machine :..E	4501	4309	334	323	325	4002	-7.1
Apparent Consumption.........: grades :...	69008 a	74724 b	6266	6206	6538	74476 c	-0.2
Paper Production % Tonnage Capacity...........	92.0 g	93.4 g	90.3	89.2	80.9	89.7 gh	-
Paperboard Production % Tonnage Capacity......	90.8 g	94.8 g	91.3	90.8	80.7	90.1 g	-
			Sept	Oct	Nov		
IMPORTS.....:Including Construction and :...	8985	11075	1011	1020	941	11575	3.7
EXPORTS.....: WMB Grades (excl. HPB) :...	4568	4387	359	340	330	4078	-8.4
MARKET WOOD PULP PRODUCTION - Tons (000)........	6478	6891	519	569	585	6823	-1.4
TOTAL WOOD PULP PRODUCTION - Tons (000).........	52537	55548	4433	4595	4521	54260	-2.9
WOOD PULP IMPORTS - TONS (000)..................	4093	4490	340	355	401	4502	1.3
WOOD PULP EXPORTS - TONS (000)..................	3644	3594	298	269	363	3816	6.6
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			Sept	Oct	Nov		
Wood Pulp.............:consumption for:.....	51434	54664	4359	4597	4400	53430	-2.7
Waste Paper...........:construction & :.....	14696	16015	1244	1334	1287	15269	-3.5
TOTAL..........: WMB grades :.....	66130	70679	5603	5931	5687	68699	-2.9
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	85442	87646	6904	7666	7112	86004	-2.4
EMPLOYMENT (000)			Oct	Nov	Dec		
Paper and Allied Products..........Total......	661.6	682.3	684.1	688.2	688.1	683.5	0.2
Pulp, Paper and Board Mills........Total.....E	258.2	263.9	254.3	254.1	255.8	257.7	-2.3
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	9.94	10.44	10.91	10.98	11.04	10.82	3.7
Pulp, Paper Mills...........................E	11.70	12.45	13.33	13.46	13.45	13.12	5.4
Paperboard Mills............................E	12.11	12.99	13.73	13.98	14.00	13.59	4.6
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q2	1985 Q3	1985 Q4		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	5.92	7.21	8.10	8.64	9.47	8.49y	17.8
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			Oct	Nov	Dec		
:IN PULP, PAPER :...Production Workers..........	121.9	125.5	131.9	125.2	118.5	125.8	0.2
:AND BOARD MILLS:...All Employees...............	109.5	123.9	130.8	125.3	118.0	124.7	0.6
PAPER AND ALLIED PRODUCTS (Million $)			Sep	Oct	Nov		
Industry Shipments (Dept. of Commerce)*........	78209	95990	8111	8097	8127	97317	1.8
Pulp, Paper and Paperboard*..................	36346	41539	3426	3483	3480	41714	0.9
Inventories (End of Period) - Total Industry*..	8729	9701	9660	9629	9658	9658	-0.9
Pulp, Paper and Paperboard*..................	3263	3662	3749	3720	3705	3705	3.3
			1985 Q1	1985 Q2	1985 Q3		
Sales (Corporations Only)......................	65008	71891	17797	18262	17939	71997	-0.5
Earnings (Corporations Only)...................	2327	3015	718	874	601	2924	-13.0
Depreciation (Corporations Only)...............	2607	2798	765	761	804	3107	11.1
Net Worth (Corporations Only)..................	27219	28160	29241	29797	29647	29647	2.9
PRICE INDEXES (Bureau of Labor Stats)(1967=100			Oct	Nov	Dec		
Pulp, Paper & Products, ex. Building Grades....	271.4	292.9	288.8	287.7	287.9	292.2	-0.2
Wood Pulp......................................	347.1	395.0	337.7	333.1	332.0	347.2	-12.1
Waste Paper....................................	N.A.	240.1	126.8	126.6	126.6	148.8	-38.0
Paper..	282.3	303.2	301.4	301.0	301.2	303.6	0.1
Paperboard.....................................	250.8	280.6	265.9	264.2	264.6	275.5	-1.8
PAPER DEMAND (INDEXED: 1977=100)			Oct	Nov	Dec		
Total Paper Production *.......................	118.6	124.1	121.7	122.1	125.7	122.9	-0.9
Paper New Supply *.............................	123.3	127.7	130.0	129.0	131.0	128.9	0.9
Demand Indicators - (Weighted Average) *.....	123.0	136.7	142.8	144.2	145.2	142.0	3.8
Production of Nondurable Goods *...(21.2%).	113.7	122.5	126.1	126.4	127.6	125.4	2.3
Disposable Income ....*.(23.9%)	116.1	124.0	127.0	127.5	127.0	126.8	2.2
Total Printing and Publishing *...(54.9%).	129.6	147.8	156.1	158.3	160.0	155.1	4.9
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *..................	111.3	117.4	116.2	115.7	126.0	115.0	-2.1
Production for Domestic Use	107.7	115.2	114.7	114.5	125.0	113.8	-1.2
Demand Indicators - (Weighted Average) *.....	107.9	118.3	120.1	121.0	121.9	120.2	1.6
Production of Consumer Goods *...(62.06%)	109.3	118.2	120.7	122.0	123.0	120.6	2.0
Production of Equipment *...(5.75%)	121.7	140.5	147.1	148.5	148.9	147.2	4.8
Production of Materials *...(32.19%)	102.8	114.6	114.3	114.2	115.1	114.6	.0
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
NEWSPRINT MARKETS			Sept	Oct	Nov		
Consumption by Publishers - Tons (000).........	11671	12612	1084	1156	1145	13943	11.0
Newspaper Pub. and Printing Empl. Total(000)...	421.6	443.0	451.9	455.9	462.6	452.7	2.4
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)...........	141126	157398	14517	14676	15635	151321	-3.5
WHOLESALERS SALES AND INVENTORIES (Million $)(1)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	26532	31876	2799	3173	281[illegible]	34487	8.1
Inventories (End of Period).	2341	2724	2966	2943	3043	3043	8.6
FIBRE BOX DATA (Fibre Box Association)			Oct	Nov	Dec		
Fibre Box Shipments (Million square feet).......	252539	267549	25518	20722	14594	264128	-1.3
Container'bd Inventory at Mill & Plant(000Tons).	2437	2882	2442	2469	2662	2662	-7.6
RETAIL TRADE (Million $)			Sept	Oct	Nov		
Total Retail Sales *...........................	1171915	1291835	119538	114862	115620	1378161	16.6
Nondurable Goods Stores Sales *................	793398	844417	72846	72937	73412	866541	12.5
GENERAL ECONOMIC DATA			Oct	Nov	Dec		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	109.2	121.8	124.4	125.1	126.2	124.5	2.2
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	303.1	310.4	309.1	308.7	310.2	308.8	-0.5
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	298.4	311.1	325.5	324.6	327.4	322.2	3.6
			Sept	Oct	Nov		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	387.4	461.2	524.4	517.2	537.2	537.0	19.9
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billions$).			1985 Q1	1985 Q2	1985 Q3		
G.N.P. or Expenditure - Current $...............	3401.6	3774.7	3917.[illegible]	3963.[illegible]	4016.2	3964.7	5.8
G.N.P. or Expenditure - 1982 $..................	[illegible]	3492.[illegible]	3547.[illegible]	3557.[illegible]	3584.[illegible]	3563.[illegible]	2.3

lb capita
Pap&Papbd Othr Totl Popul(mil)
.a - 589 + 20 = 609 234.5
.b - 631 + 21 = 652 236.7
.c - 622 + 21 = 643 238.6
.E - Last month estimated by API
.e - estimated by API

c - Wood Pulp Production excludes Def., exports, & screens.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
[illegible] - Census unpublished data; standard dev. ± [illegible]%
N.A. - Not Available
P - Preliminary
Q - Quarter

R - Revised
RR - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted

3/12/86

A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY · Vol. 64 · No. 2 FEBRUARY 1986

THE PAPER INDUSTRY IN EARLY 1986: DEMAND CONTINUES STRONG

The improvement in demand for paper and paperboard which began in the closing months of 1985 continued during the first two months of the new year. The trend position of production (average of the seasonally adjusted rates of production in the current and preceding months) in January 1986 topped 70 million tons per year, marking a new high. Preliminary estimates for February 1986 production, based on data for the first two weeks of the month, show this average trend remained close to the 70 million tons per year mark.

Strength was evident in both the paperboard and the paper grades. The January 1986 paperboard trend position of 35.9 million tons per year was a new high, and the unadjusted total for the month, at 2,939,000 tons, was the highest total ever for January. The trend position for paper in January 1986 and the estimate for February was about 35 million tons per year, also a new high.

PAPER: The strength in paper demand in the early months of 1986 has been concentrated in the newsprint, printing and tissue paper grades, following the trends established in 1985. The January 1986 newsprint total of 463,000 tons, for example, while 1.1% below the same total a year ago, was the highest monthly total since March 1985's record 489,000 tons. The higher demand for newsprint reflects the fact that consumption by publishers is running at a record-high level of nearly 14 million tons per year. Data on employment at newspaper publishers and printers, as shown on the attached Industry Data Sheet, shows significant growth.

Continued on Page 2

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The printing-writing paper grades are following an even stronger trend. The January 1986 shipments total of 1,650,000 tons was 3.7% above its year-ago level, and the highest monthly total on record. This increase was largely the result on the strong demand for uncoated free sheet papers, again following the 1985 trend. The January 1986 shipments total of 885,000 tons (a rate of over 10 million tons per year) was 11% above its year-ago total and also a record high. Groundwood paper shipments showed a 1.6% increase while shipments of coated papers fell 7.5%. However, gains were recorded in the other grades: thin, cotton fiber and bleached bristols.

Imports, which made a strong impact on the domestic shipments of these papers in 1984, fell 23.5%, to 365,000 tons, in 1985. The 1985 imports total of 477,000 tons accounted for 5% of apparent consumption (shipments plus imports less exports). This percentage dropped to only 3.6% in 1985 and while still well above the levels of only a few years ago, this ratio reflects a healthy resurgence in the use of domestically-produced papers.

The gains in uncoated paper demand in early 1986 was reflected in virtually all the major end-use markets: computer papers, office-copier papers, book printing and publishing and commercial printing. Computer technology, particularly in the business environment, continues to require ever-increasing volumes of paper for the dissemination of its results. This, in addition to the surge in the use of office copying machines apparent since the late 1970's, continues to bolster the recent and dramatic growth in demand for these grades.

Demand for the groundwood papers is also relatively strong, with the January 1986 total 1.1% ahead of its year-ago figure at a rate above that of all of 1985. Here too, imports have started to diminish: total imports in 1985 were 3.5% below the level for 1984. Furthermore, imports in December were down to about 70,000 tons, 24% below the average level of imports in the preceding five months. There is some indication that as much as 300,000 tons of newsprint imports should properly be classified as groundwood paper. This raises the level of imports but does not affect the trend.

Groundwood paper imports even as reported by Census continue to account for an important share of the new supply: 42% in both 1984 and 1985. But while the API'S November 1985 Capacity Survey reported that domestic uncoated free sheet capacity will increase by over 12% from 1985 to 1988, uncoated groundwood paper capacity was not expected to show any significant change over that same period.

Imports made their strongest impact in the markets for coated papers. In 1984, when demand was particularly intense, domestic production reached a record high of 6.2 million tons, which was over 95% of the reported capacity, but imports soared to 428,000 tons for the year, 2.6 times their level a year earlier. This accounted for 6.5% of the total new supply. In 1985, imports rose another 15.8% to 496,000 tons, while domestic production fell by 6.2% to 5.9 million tons.

Much of this decline occurred in the first half of the year with production levelling off in the second, as shown in the chart on

Continued on Page 11

PAPER AND PAPERBOARD STATISTICS

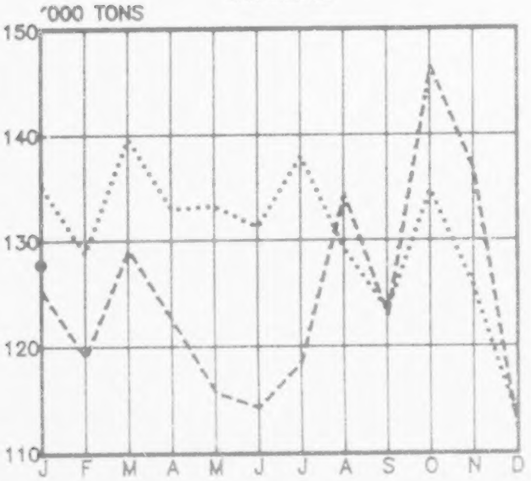
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1984	YEAR 1985	OCT. 1985	NOV. 1985	DEC. 1985	JAN. 1986	Annual Rate Y-T-D 1986	% Change From same Period Last Year
PAPER								
Newsprint - Production	5539	5428	449	438	438	463	5558	-1.1
- Shipments	5584	5417	463	437	444	427	5118	-6.7
Printing & Writing sum	18395	18407	1610	1541	1481	1650	19803	3.7
Groundwood Paper - Shipments	1565	1438	147	137	112	128	1535	1.6
- New Orders	1575	1478	161	126	105	143	1712	3.1
-Unfilled Orders	140	106	122	111	106	122	122	-14.5
Coated Papers - Shipments	6249	5863	481	472	448	521	6256	-7.5
- New Orders	6281	5717	511	474	444	553	6634	1.7
- Unfilled Orders	575	430	424	426	430	455	455	-13.8
Unctd Free Sheet - Shipments	9207	9739	871	819	813	885	10616	11.4
- New Orders	8939	9789	912	869	775	882	10579	12.2
- Unfilled Orders	430	509	484	525	509	499	499	16.1
Thin Papers - Shipments	267	241	19	20	19	23	278	10.4
Cotton Fiber Paper - Shipments	147	143	13	13	11	13	155	8.5
Bleached Bristols - Production	959	924	80	80	79	80	962	6.6
Tissue Paper - Production	4921	4941	432	419	402	429	5148	3.1
Total Packaging & Other Paper	5555	5210	451	421	410	436	5234	-3.9
Unbl. Kraft Paper - Shipments	3666	3410	290	273	271	290	3484	-3.4
Other Paper - Production	1889	1800	161	148	139	146	1751	-5.0
TOTAL PAPER-Production-Unadj. *	34409	33986	2942	2818	2732	2979	35744	1.6
-Production-S.A. *			2806	2821	2913	2941	35291	1.6
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25488	2185	2108	2058	2255	27059	4.8
Total Unbl. Kraft Paperboard	17185	16434	1405	1354	1314	1461	17530	3.7
Unbl. Kraft Linerboard (1)	16037	15242	1316	1253	1229	1354	16247	2.7
Production for Export	2086	1756	152	151	156	173	2077	45.7
Other Unbl. Kraft Paperboard	1149	1191	89	101	86	107	1283	18.3
Semichemical Paperboard	5169	5084	447	427	414	443	5318	6.3
Production for Export	149	189	20	13	19	18	218	112.0
Solid Bleached Paperboard	4048	3972	333	327	330	351	4210	7.5
Production for Export	478	459	37	41	40	31	376	-24.0
Recycled Paperboard	7637	7701	694	659	598	684	8212	4.1
Production for Export	17	14	2	1	1	2	27	73.4
TOTAL PAPERBOARD-Prod.-Unadj. *	34039	33188	2879	2767	2656	2939	35271	4.6
- Containerboard Prod.(Dom. Use)	20993	20353	1766	1695	1616	1785	21417	0.5
- Boxboard Prod.(Dom. Use) (2)	5783	5748	500	477	466	508	6091	5.4
- All Other P'bd Prod.(D.U.) (2)	4531	4669	403	390	357	422	5065	10.3
- Total Paperbd Prod. for Export	2731	2418	210	205	216	225	2699	32.0
TOTAL PAPERBOARD PROD.- S.A. *	33982	33281	2803	2793	3041	2934	35209	4.6
TOTAL PAPER AND PAPERBOARD								
Production - actual *	68449	67174	5821	5585	5388	5918	71015	3.1
Production - S.A. *			5608	5614	5954	5875	70500	3.1

(1) Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2) Data for unbl. kraft folding boxboard incl. in All Other P'bd.
* NOTE: Year 1984 contains one more day than year 1983 and 1985.

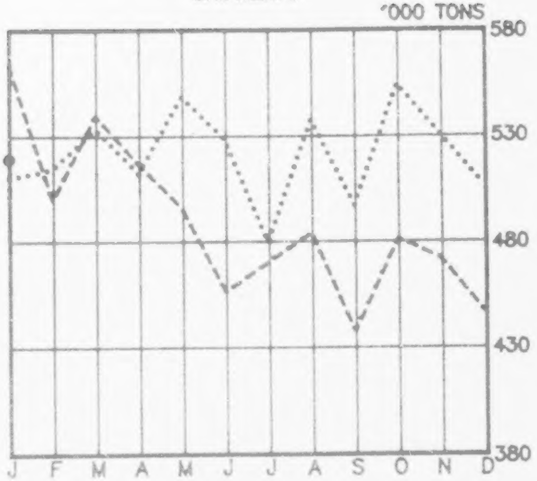
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



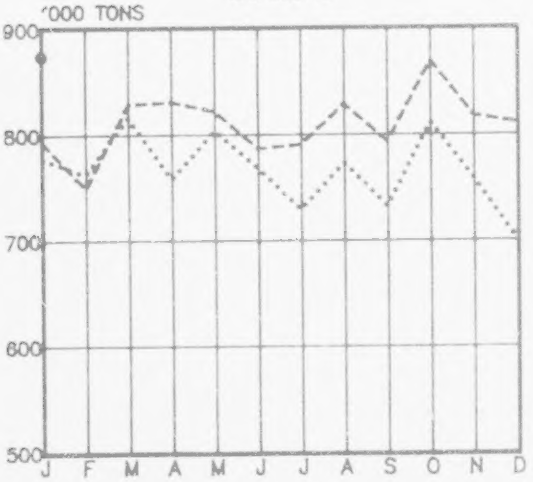
COATED PAPER

SHIPMENTS



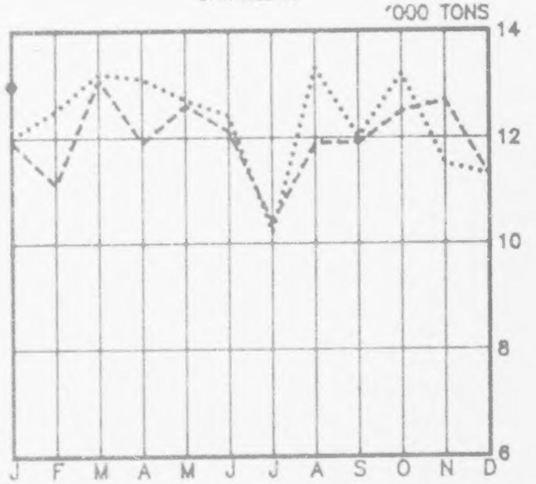
UNCOATED FREE SHEET PAPERS

SHIPMENTS



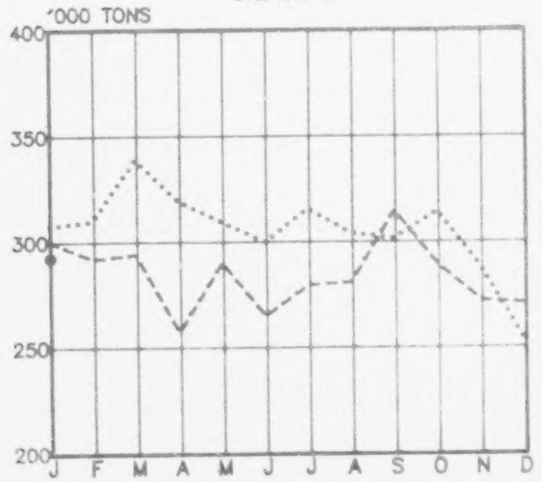
COTTON FIBER PAPER

SHIPMENTS



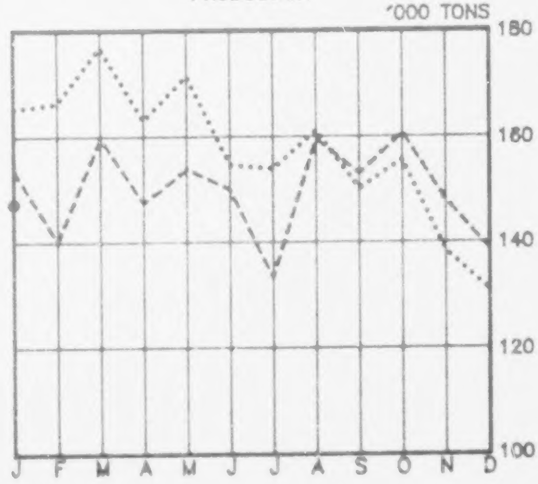
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 .... 1985 ----- 1986 ——

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR 1983	YEAR 1984	SEPT 1985	OCT 1985	NOV 1985	DEC 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	52537	55548	4433	4595	4499	4363	54081	-2.6
- Imports	4093	4490*	340	359	401	339	4466	-0.5
- Exports	3644	3594	298	269	363	295	3791	5.5
- New Supply	52986	56445	4475	4681	4537	4407	54755	-3.0
Dissolving Pulp - Production	1261	1206	82	106	97	93	1177	-2.5
- Imports	192	161	23	15	17	11	175	8.7
- Exports	647	595	35	45	56	42	631	6.0
- New Supply	806	772	70	76	58	62	721	-6.7
Paper Grades Chemical Pulp - Production	42358	44732	3604	3683	3648	3533	43585	-2.6
- Imports	3706	4023	299	332	365	324	4104	2.0
- Exports	2958	2945	262	220	302	250	3131	6.3
- New Supply	43106	45810	3642	3796	3711	3608	44557	-2.7
Groundwood and Thermo-Mech. - Production	5067	5509	423	454	421	408	5260	-4.5
- Imports	195	306	17	7	19	4	187	-38.9
- Exports	40	54	1	4	4	3	29	-46.3
- New Supply	5222	5762	439	457	435	409	5418	-6.0
Semi-Chemical - Production	3851	4100	324	353	333	328	4059	-1.0
- Imports								
- Exports			- - - - - Included in Groundwood Pulp - - - - -					
- New Supply	3851	4100	324	353	333	328	4059	-1.0
MARKET WOOD PULP								
Total Market Wood Pulp - Production	6478	6891	519	569	585	537	6790	-1.5
- Imports	2945	2968	213	239	226	217	2791	-6.0
- Exports	3421	3511	305	290	306	354	3788	7.9
- New Supply	6002	6347	427	518	505	400	5793	-8.7
Dissolving Pulp - Production	1260	1197	82	105	96	93	1175	-1.9
- Imports	210	204	24	11	16	9	174	-14.6
- Exports	698	690	43	53	51	68	667	-3.4
- New Supply	772	710	63	63	62	33	682	-4.0
Paper Grades Chemical Pulp - Production	5206	5680	435	462	482	438	5590	-1.6
- Imports	2698	2664	173	225	194	206	2531	-5.0
- Exports	2723	2821	263	237	255	286	3120	10.6
- New Supply	5181	5524	345	450	421	358	5002	-9.5
Groundwood Pulp and All Other - Production	12	13	2	1	7	7	25	83.7
- Imports	38	100	17	4	15	3	86	-14.1
- Exports	0	0	0	0	0	0	1	0.0
- New Supply	49	113	19	5	22	9	110	-3.1

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

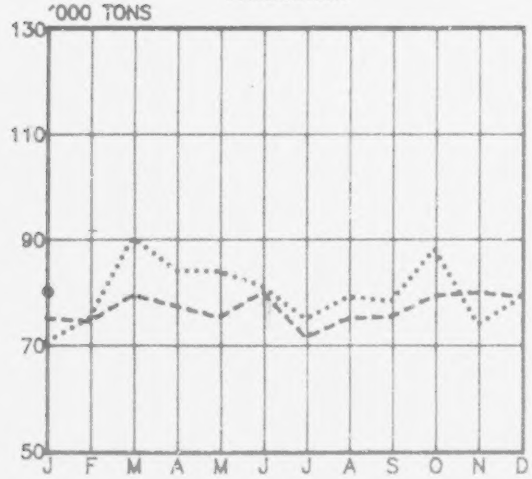
FIBROUS RAW MATERIALS
(Thousands of tons)

	YEAR 1983	YEAR 1984	SEPT 1985	OCT 1985	NOV 1985	DEC 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	66130	70590	5625	5961	5692	5527	68595	-2.8
Total Wood Pulp	51434	54664	4359	4597	4406	4320	53304	-2.5
Waste Paper	14696	15926	1266	1364	1286	1207	15290	-4.0
INVENTORIES								
Own Use Wood Pulp at Pulp Mills	170	174	184	175	180	163	163	-6.1
Mkt Pulp at Pulp Mills (Paper Grades)	384	585	502	507	517	475	475	-18.8
Mkt Pulp at Ppr. & Bd. Mills *	550	484	407	426	399	425	425	-12.2
Waste Paper at Paper &Bd. Mills	920	1053	958	999	967	978	978	-7.2
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	26	42	32	32	35	30	30	-28.6

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P = Preliminary; R = Revised; (d) = Indicates zero to five-hundred short tons

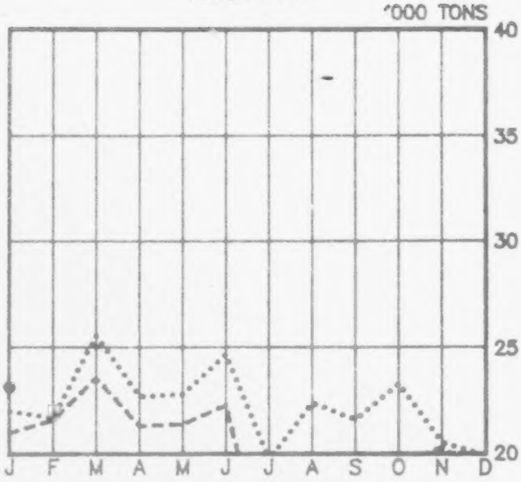
BLEACHED BRISTOLS

PRODUCTION



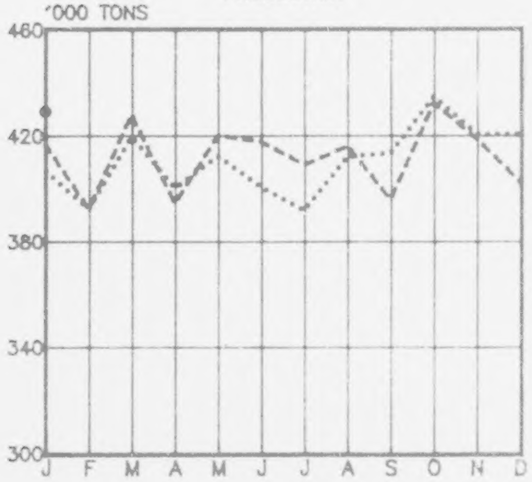
THIN PAPER

PRODUCTION



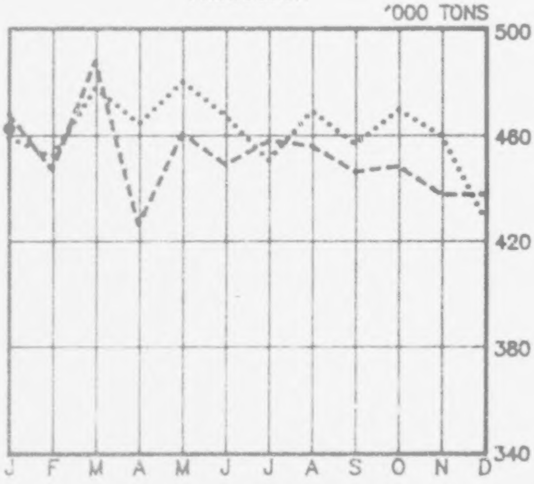
TISSUE PAPER

PRODUCTION



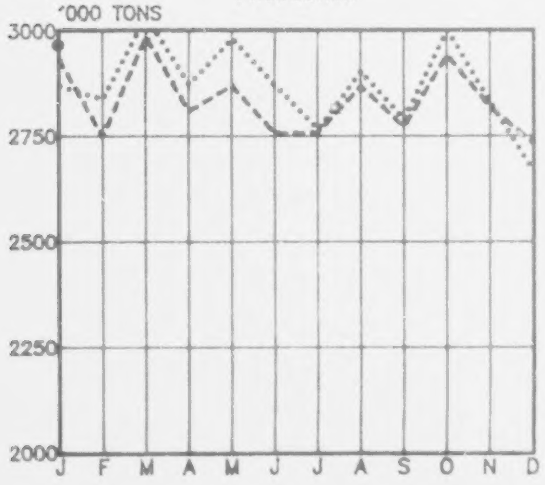
NEWSPRINT

PRODUCTION



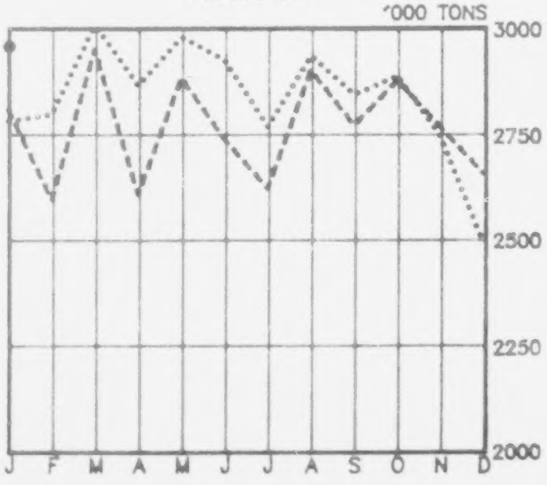
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1984 ········ 1985 -----1986 ————

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1983	YEAR 1984	SEPT. 1985	OCT. 1985	NOV. 1985	DEC. 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	84475	88876	6913	7880	6914	6861	85503	-3.8
	- Total Consumpt	85442	87646	6904	7666	7112	6907	85744	-2.2
	- Residues *	32755	32072	2493	2927	2488	2303	30447	-5.1
	- Inventories	5229	5574	4958	5312	5062	5046	5046	-9.5
So. Atlantic	- Total Receipts	25736	27654	2252	2615	2322	2325	27589	-0.2
	- Total Consumpt	25847	27344	2277	2554	2406	2314	27815	1.7
	- Residues *	7904	8198	627	824	711	685	7970	-2.8
	- Inventories	1163	1444	1044	1152	1099	1117	1117	-22.6
Northeast	- Total Receipts	7051	7665	586	676	606	621	7430	-3.1
	- Total Consumpt	7274	7474	560	593	604	599	7394	-1.1
	- Residues *	1199	1501	126	128	148	104	1539	2.5
	- Inventories	577	590	445	517	505	544	544	-7.8
South Central	- Total Receipts	29409	30693	2389	2645	2417	2388	29786	-3.0
	- Total Consumpt	29152	30502	2432	2623	2378	2392	29914	-1.9
	- Residues *	9218	9059	734	854	747	704	9207	1.6
	- Inventories	1536	1304	1149	1193	1192	1198	1198	-8.1
North Central	- Total Receipts	6265	6872	518	621	484	490	6430	-6.4
	- Total Consumpt	6343	6563	492	556	523	506	6296	-4.1
	- Residues *	1822	1472	118	119	94	76	1290	-12.4
	- Inventories	851	906	895	979	896	884	884	-2.4
West	- Total Receipts	16014	15992	1168	1323	1081	1037	14264	-10.8
	- Total Consumpt	16826	15763	1143	1340	1201	1096	14325	-9.1
	- Residues *	12612	11842	888	1002	805	734	10458	-11.7
	- Inventories	1192	1330	1425	1471	1370	1303	1303	-2.0

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 25-Feb-86

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1984 Tons	YEAR 1984 $000's	NOV. 1985 Tons	NOV. 1985 $000's	DEC. 1985 Tons	DEC. 1985 $000's	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	207520	10591	844	51	98	10	21604	-89.6
Pulpwood chips	3061270	45351	45710	1152	64207	1635	788486	-61.7
Wood Pulp, Total	4059913	1678908	349119	113124	315353	100688	4020736	-1.0
Waste Fibrous Materials, Total	151957	25187	8695	1402	9609	1453	144564	-4.9
Paper, Board & Products, Total	9401285	4048656	812752	364613	783591	350298	9734523	3.5
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9130954	3927255	802869	350286	784413	337248	9640776	1.1
Paper, Paperboard & Products	8944073	3946084	792001	358875	778216	344985	9380235	4.8
Paper & Paperboard, Only	8877742	3824684	782121	343748	767039	331935	9286488	4.6
Paper, Total	8662094	3762205	768529	339890	752290	327772	9132128	5.4
Newsprint	7681341	3224595	671686	291118	662608	284152	8117986	5.7
Printing, Writing & Rel. Pap.	852874	457438	83357	41203	73998	35799	841500	-1.3
Pack. & Ind. Conv. Paper	101131	59408	10223	5117	12350	5196	124100	22.7
Special Industrial Paper	3232	5437	326	560	315	537	3463	7.2
Tissue Paper	23512	15326	2937	1891	3019	1889	45081	91.7
Paperboard, Total	215648	62479	13592	3858	14749	4164	154360	-28.4
Convtd Paper&Paperbd Products	70331	121401	9882	14127	9177	13050	93747	33.3
Wet Machine Board	2098	1410	891	94	164	118	2184	4.1
Construction Paper & Board	451113	101148	20597	6444	17211	5195	152104	-21.9

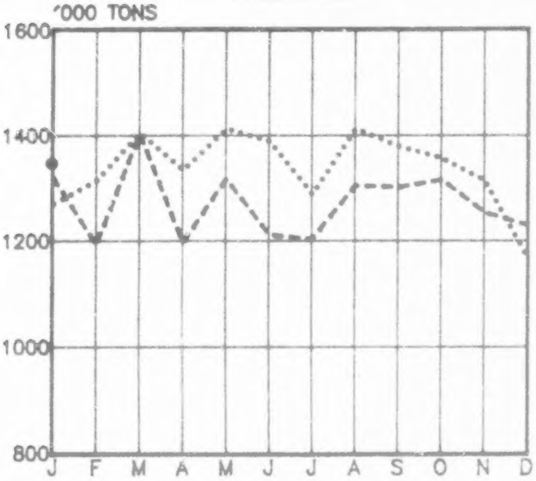
EXPORTS FROM CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	95117	5698	6112	379	2539	160	49611	-47.8
Pulpwood chips	28445	1214	5264	353	1220	51	82626	190.5
Wood Pulp, Total	180850	81657	17553	5668	17517	5623	203934	12.8
Cotton Pulp & Other Pulp	10474	6805	2046	855	2668	731	15083	44.0
Waste Paper	325712	17837	10181	1270	15540	1514	209087	-35.8
Paper, Board & Products, Total	756499	524570	57218	31296	59587	31690	736140	-2.7
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	569696	358042	37714	22743	38638	22204	579268	1.8
Paper, Paperboard & Products	726888	511491	55612	32169	56827	30594	710785	-2.2
Paper & Paperboard, Only	540385	144986	45596	20891	45749	19608	554413	2.7
Paper, Total	296791	245610	17920	15456	19203	13761	271754	-8.4
Newsprint	4493	3678	477	395	326	274	3757	-16.4
Printing, Writing & Rel. Pap.	137839	125561	8852	8815	8960	7293	133800	-2.9
Pack. & Ind. Conv. Paper	46661	26916	2351	1504	2137	1218	41327	-11.4
Special Industrial Paper	104039	85326	5114	4634	7839	4973	90071	-13.4
Tissue Paper	3758	1041	124	207	61	203	2799	-25.5
Paperboard, Total	243294	34357	27675	5431	26546	5847	282658	16.2
Convtd Paper&Paperbd Products	188501	168438	10014	9473	10878	10986	156372	-16.3
Wet Machine Board	5412	3707	128	299	787	342	5786	8.9
Construction Paper & Board	24299	9423	1781	604	1451	789	19570	-14.5

SOURCE: Bureau of Census, Department of Commerce * - Estimate of tonnage based on square foot data 25-Feb-86

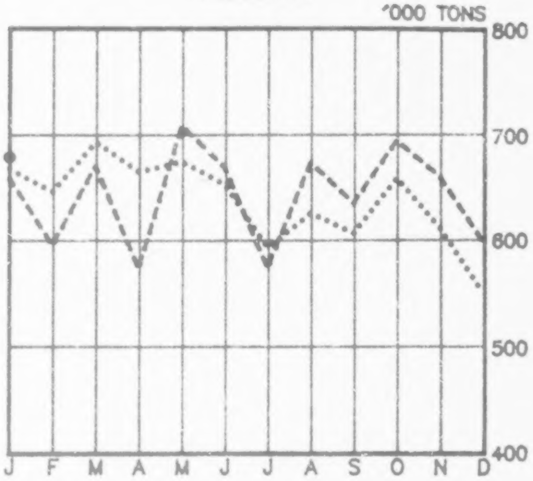
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



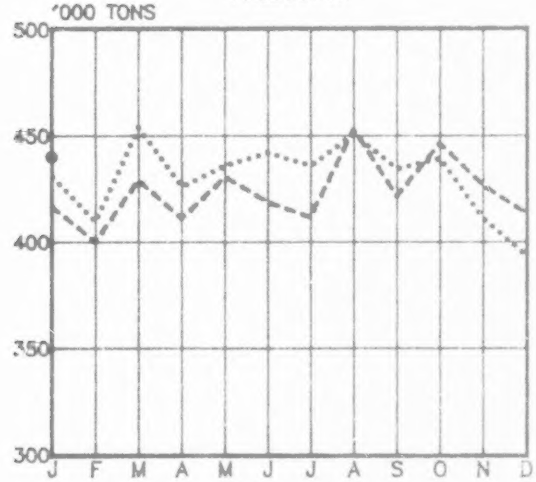
RECYCLED PAPERBOARD

PRODUCTION



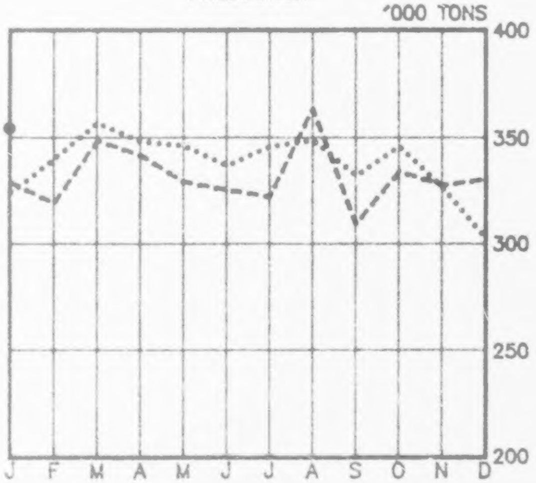
SEMICHEMICAL PAPERBOARD

PRODUCTION



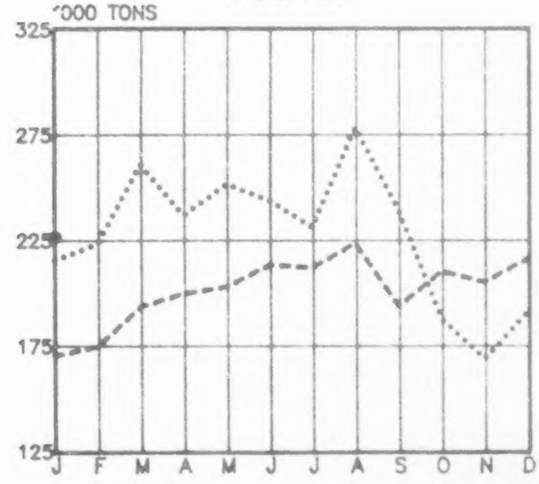
SOLID BLEACHED PAPERBOARD

PRODUCTION



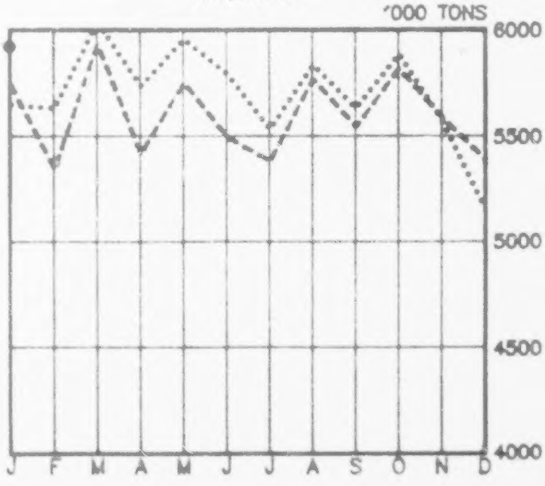
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ········ 1985 - - - - -1986 ———

[illegible]

	YEAR 1994 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	(1) Annual Rate Y-T-D 1995	% Change from Same Period Last Year
Pulpwood, Roundwood (Cords)	237731	13612	844	[illegible]	113	11	31755	-84.7
Pulpwood Chips	2062445	18596	[illegible]	[illegible]	64259	1636	789182	-61.7
Total All Imports	15719477	7304191	1152624	1001514	[illegible]	967016	14106209	2.6
Wood Pulp, Total	4490081	1944759	[illegible]	[illegible]	338761	107121	4465746	-0.5
Waste Paper	109712	11692	[illegible]	1059	7282	464	87413	-20.3
Other Fibrous Materials	84367	14097	2714	1596	3687	1436	81430	26.5
Paper, Board & Products Total	11075812	5124794	[illegible]	837359	755900	457271	11521619	4.0
Paper,Paperboard,Wet Machine Bd, & Construction Paper & Board	10554313	4781475	815898	[illegible]	682530	397673	11238041	3.5
Paper, Board & Prod. ex Constr.Board	10575656	5207047	815742	[illegible]	[illegible]	451810	11125156	[illegible]
Paper & Paperboard, Total	10354656	4665878	[illegible]	806424	762541	393412	10821629	4.5
Paper, Total	10112041	4594406	[illegible]	800269	837714	385313	10637428	5.2
Newsprint	7495677	3249077	571454	[illegible]	663307	292881	8471410	7.3
Printing & Writing	2052168	1069419	[illegible]	90135	139461	79163	1917525	-5.1
Uncoated Groundwood	1072049	540591	[illegible]	45649	72637	34772	1051869	-3.5
Coated Printing (Mostly) [illegible]	428274	255549	[illegible]	24710	31330	29144	496072	15.8
Uncoated Free Sheet	476850	244057	[illegible]	13962	24799	15411	364848	-23.5
Uncoated Bond	254920	130216	18914	[illegible]	16541	8462	200927	-21.2
Writing and Similar Paper	221924	113761	12734	7062	13138	7549	163921	-26.2
Thin (except Cigarette)	40421	19911	[illegible]	1867	2288	1905	21712	-48.9
Bristols	567	344	[illegible]	278	[illegible]	77	1024	51.4
Total Pkg & Other Paper	145484	92647	[illegible]	[illegible]	27488	10851	172003	18.2
Unbleached Kraft Paper	42954	17665	1962	2004	10568	2205	63604	48.4
Other Pkg. & Indust. Paper	102529	60337	[illegible]	3212	10920	8645	108398	5.6
Tissue	30312	26347	[illegible]	2217	5495	1418	55991	84.7
Paperboard, Total	242615	71491	[illegible]	7235	15426	6099	184201	-24.1
Test or Containerboard	70229	22214	[illegible]	1214	4137	1516	50975	-27.2
Semi-Chemical (Corrugating)	103966	26078	[illegible]	[illegible]	3747	1428	65203	-37.3
Other Paperboard	69420	23174	10130	2031	7442	3155	68023	-3.4
Conv'd Paper&Paperbd Products	221000	542163	[illegible]	14039	28379	59198	283526	28.3
Paper Products, Total	186239	474121	[illegible]	14040	26124	54538	258934	39.1
Paperboard Products, Total	34800	[illegible]	2139	3995	2246	4659	24592	-29.1
Wet Machine Board	2826	1467	[illegible]	[illegible]	248	203	3270	15.7
Construction Paper & Board	456833	114051	[illegible]	7093	11342	4259	413196	-16.8
Notes								
Others No Weight Avail. ($000)		146591		[illegible]		22156	224219	36.6
Total Imports Incl. Other($000)		1460084		[illegible]		194173	7484036	1.1

[illegible]

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	(1)	
Pulpwood, Roundwood (Cords)	40441	2914	[illegible]	[illegible]	[illegible]	[illegible]	51765	-45.8
Pulpwood Chips	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3119137	-9.0
Total All Exports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wood Pulp,Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3791102	5.5
Cotton Pulp and Other Pulp	84981	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	107224	26.3
Waste and Old Paper	1213441	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3285936	1.6
Paper, Board & Products,Total	1368941	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4077029	-7.1
Paper,Paperboard,Wet Machine Bd & Construction Paper & Board	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3336314	[illegible]
Paper, Board & Prod. ex Constr.Board	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4133821	-7.0
Paper & Paperboard, Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3517511	-6.3
Paper, Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	774000	-3.9
Newsprint	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	314383	2.7
Printing & Writing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	232526	-0.2
Uncoated Groundwood	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	36779	21.0
Clay Coated Paper	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	92461	-3.8
Uncoated Free Sheet	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	64571	[illegible]
Other Printing & Writing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	39063	-12.1
Total Pkg. & Other Paper	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	243671	-14.3
Unbleached Kraft	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	67695	-16.6
Other Pkg. & Indust. Paper	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	175476	-3.3
Tissue	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.5
Paperboard, Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-6.5
Solid Wood Pulp	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2492746	[illegible]
Total Linerboard	2099114	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1837151	-12.2
Bleached Kraft [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-7.8
Unbleached Kraft Linerboard	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other Unbleached Kraft	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other Bleached Kraft	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	528091	[illegible]
Semi-Chemical (Corrugating)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	61953	[illegible]
Recycled Paperboard	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	249564	45.4
Conv'd Paper&Paperbd Products	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paper Products, Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paperboard Products, Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wet Machine Board	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Construction Paper & Board	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Notes								
Others No Weight Avail.		[illegible]		[illegible]			[illegible]	[illegible]
Total Exports Incl. Other		[illegible]		[illegible]		[illegible]	[illegible]	[illegible]

[illegible]

PRODUCER PRICE INDEXES

1967 = 100

	1984	1985	OCT. 1985	NOV. 1985	DEC. 1985	JAN. 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.2	288.8	287.7	287.9	287.9	287.9	-1.3
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.8	294.6	291.6	290.4	290.6	290.6	290.6	-3.0
Total Wood Pulp	395.0	347.2	337.7	333.1	332.0	331.3	331.3	-13.6
Total Paper	303.2	303.6	301.4	301.0	301.2	301.0	301.0	-2.0
Total Paper, exc. Newsprint	301.2	298.8	296.2	295.3	295.5	295.1	295.1	-2.6
Newsprint	324.1	332.9	331.2	331.0	330.2	324.1	324.1	-3.8
Total Paperboard	280.6	275.5	265.9	264.2	264.5	264.1	264.1	-8.6
Total Paper and Paperboard *	296.1	294.8	290.3	289.5	289.7	289.4	289.4	3.9
Converted Products	280.7	268.1	286.5	285.4	285.7	285.8	285.8	-1.1
Waste Paper	240.1	148.8	126.8	126.6	126.6	129.1	129.1	-32.3
All Commodities	310.4	308.9	308.0	309.7	310.2	309.0	309.0	-0.3
Industrial Commodities	322.6	324.0	324.4	325.0	325.2	324.0	324.0	0.2

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

Paper and Allied Products Companies

Sales and Earnings

	Sales			Net Profit After Taxes			Earnings/Sales	
	1985	1984	Change 85/84	1985	1984	Change 85/84	1985	1984
	(Million Dollars)		%	(Million Dollars)		%	%	%
30 Paper and Allied Products Companies								
First Quarter	11,094	10,843	2.3	498.4	496.5	0.4	4.5	4.6
Second Quarter	11,520	11,618	-0.8	562.9	678.0	-17.0	4.9	5.8
Third Quarter	11,384	11,386	0.0	351.4	650.2	-46.0	3.1	5.7
Fourth Quarter	11,574	11,336	2.1	484.2	378.1	28.1	4.2	3.3
First Four Qtrs.	45,572	45,183	0.9	1896.9	2202.8	-13.9	4.2	4.9
4 Forest Products Companies								
First Quarter	3,210	3,155	1.7	91.8	115.5	-20.5	2.9	3.7
Second Quarter	3,624	3,544	2.3	133.5	198.0	-32.6	3.7	5.6
Third Quarter	3,458	3,546	-2.5	81.4	147.7	-44.9	2.4	4.2
Fourth Quarter	3,216	3,537	-9.1	112.6	-74.4	N.M.	3.5	N.M.
First Four Qtrs.	13,508	13,782	-2.0	419.3	386.8	8.4	3.1	2.8
7 Paper Related Companies								
First Quarter	25,140	23,915	5.1	626.1	825.2	-24.1	2.5	3.5
Second Quarter	24,765	24,660	0.4	809.0	878.9	-8.0	3.3	3.6
Third Quarter	24,769	24,566	0.8	-6.6	703.0	N.M.	N.M.	2.9
Fourth Quarter	27,099	26,447	2.5	780.5	501.8	55.5	2.9	1.9
First Four Qtrs.	101,773	99,588	2.2	2209.0	2908.9	-24.1	2.2	2.9
4 Canadian Companies								
	(Canadian Dollars)			(Canadian Dollars)				
First Quarter	1,795	1,529	17.4	65.2	20.9	212.0	3.6	1.4
Second Quarter	1,935	1,800	7.5	47.5	58.0	-18.1	2.5	3.2
Third Quarter	1,914	1,811	5.7	61.3	61.5	-0.3	3.2	3.4
Fourth Quarter	1,962	1,771	10.8	79.9	57.4	39.2	4.1	3.2
First Four Qtrs.	7,606	6,911	10.1	253.9	197.8	28.4	3.3	2.9

N.M. : Not Meaningful

American Paper Institute
Economics Department
February 25, 1986

page four. In fact, the seasonally adjusted data show some resurgence in the rate of production during the fourth quarter, while at the same time coated paper imports were significantly reduced. The total for that quarter, 106,000 tons, was the lowest for the year and well below the 165,000 tons of coated paper imported in the first quarter. The producers of coated paper expect a strong increase in demand for domestically-produced paper, as shown by the planned 16.5% increase in domestic coated paper capacity from 1985 to 1988.

The downtrend in packaging and industrial converting papers evident in 1985 has continued into 1986 and largely reflects the impact of competition from flexible plastic products. For example, production of unbleached kraft papers for January was 3.4% below its level a year ago. That level, however, was above the fourth quarter 1985 average, suggesting that the downtrend has bottomed out, at least temporarily.

Total production of the other papers in this group -- specialty packaging and special industrial papers -- was 5% down from a year ago in January and below the fourth quarter average for 1985.

PAPERBOARD: The percentage gains in production of the various grades of paperboard over the levels of a year ago give a somewhat distorted picture of the underlying trends. This is due to the relatively high rates of production of containerboard and boxboard for domestic use in the early months of 1985 and the relatively low rates of production of other paperboard for domestic use and for export in those same months. Relative to the levels of the later months of 1985, the performance was more even.

As a result, while the production of containerboard for domestic use was only 0.5% ahead of its year-ago level in January 1986, it was still the highest January total on record and only a few percentage points below the monthly highs achieved in the record year of 1984. A similar pattern was shown in the shipments of fibre boxes, which account for nearly all of the consumption of containerboard produced for domestic use. The January 1986 shipments total for these boxes was also higher than the total for any previous January. At the same time, inventories of containerboard at mills and plants, which were equivalent to 7.5 weeks of supply on February 1st 1985, were down to 6.0 weeks as of February 1st 1986.

The trend of production for export was equally encouraging. The 22% downtrend in the trade-weighted value of the dollar from its peak reached in early March to date is beginning to stimulate exports. The January 1986 total of 225,000 tons was 32% above the year-earlier total, the highest since September 1984. Kraft paperboard exports, at 173,000 tons, were up 46%, but bleached paperboard exports were down 24%.

Boxboard production for domestic use was 5.4% above its January 1985 level for January 1986, compared to the 4.6% gain in total paperboard. Above-average increases occurred in the

Continued on Page 12

production of solid bleached board and milk carton stock, and in several of the non-packaging grades of paperboard, such as gypsum wall board facing. Recycled tube, can and drum stock, which is classified with the "other" boxboard grades, also showed an above-average gain.

MARKET PULP

Shipments of chemical paper grade market wood pulp jumped to a record-high of 551,000 in January 1986, 9% above the level a year ago. The new high was largely the result of a record export total of 331,000 tons, a gain of 69% over the same period. These exports accounted for 60% of shipments of the grades; in previous years export and domestic shipments were about equal. Exports followed the trend established in 1985, with gains concentrated in shipments to Japan (21% of the total) and markets other than Western Europe and Canada (34%) and a small decline in shipments to the markets in Western Europe and the United Kingdom (41% of total shipments). The 1985 total of 3,120,000 tons exported was itself a record high, 10.6% above 1984.

Production of chemical paper grade market pulp was well below the shipments total in January 1986, with inventories at producers declining to about 26 days of supply, compared to the March 1985 peak of 46 days of supply.

SALES AND EARNINGS

Total sales of 32 paper and allied products companies reported in the press amounted to a record high of $45.6 billion in 1985, 0.9% above their comparable 1984 total. These companies account for about 64% of total sales for all paper and allied products companies as reported by the Department of Commerce. These companies also reported a record sales total in the fourth quarter of 1985 at $11.6 billion, but that was only a shade above the total reached in the seasonally strong second quarter.

Net profits after taxes for these companies, however, largely reflecting the impact of import competition in domestic and international markets, declined by 13.9% from their 1984 total. As the table on the bottom of page ten shows, the percentage declines in the second and third quarters of 1985 were much greater than this, a period when the dollar was just beginning to fall from its peak. The strong gain in earnings in the fourth quarter of 1985 over their year-ago total, however, largely reflected a sharp decline in reported profits in the 1984 period resulting from sizable write-downs of assets by several large companies.

The table on the bottom of page 10 shows the details of the sales changes, profit changes and margin on sales for the 32 paper companies, 4 forest product companies with major paper and allied products mills and plants; 7 other domestic companies similarly related to the paper industry and 4 Canadian paper and allied products companies.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

February 28, 1986

	PRODUCTION (000 TONS)					
	Jan. 86	Dec. 85	Jan. 85	Jan. - 86 -	Jan. 85	% Change 86/85
PAPER GRADES						
Newsprint	463	438	469	463	469	-1.1
Printing & Writing	1650	1481	1592	1650	1592	3.7
Uncoated Groundwood (s)	128	112	126	128	126	1.6
Coated Paper (s)	521	448	564	521	564	-7.5
Uncoated Free Sheet Paper (s)	885	813	794	885	794	11.4
Thin Paper (s)	23	19	21	23	21	10.4
Cotton Fiber Paper (s)	13	11	12	13	12	8.5
Bleached Bristols (s)	80	79	75	80	75	6.6
Tissue Paper	429	402	416	429	416	3.1
Total Pkg & Other Paper	436	410	454	436	454	-3.9
Unbleached Kraft Packaging & Indl. Converting (s)	290	271	300	290	300	-3.4
Other Paper *	146	139	154	146	154	-5.0
TOTAL PAPER	2979	2732	2930	2979	2930	1.6
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1461	1314	1409	1461	1409	3.7
Unbleached Kraft Linerboard	1354	1229	1319	1354	1319	2.7
Other Unbl. Kraft Paperboard	107	86	90	107	90	18.3
Semichemical Paperboard	443	414	417	443	417	6.3
Bleached Paperboard	351	330	326	351	326	7.5
Recycled Paperboard	684	598	658	684	658	4.1
TOTAL PAPERBOARD	2939	2656	2810	2939	2810	4.6
TOTAL PAPER AND PAPERBOARD	5918	5388	5740	5918	5740	3.1

WOOD PULP (ALL GRADES)	Dec. 85	Nov. 85	Dec. 84	Jan. - 85 -	Dec. 84	% Change 85/84
Dissolving & Special Alpha	93	97	87	1177	1206	-2.5
Bleached Sulfite	110	112	112	1373	1359	1.0
Unbleached Sulfite	15	16	18	204	260	-21.6
Bleached & Semi-Bl. Sulfate	1838	1922	1790	22485	22350	0.6
Unbleached Sulfate	1570	1599	1565	19524	20763	-6.0
Semichemical	328	333	330	4059	4100	-1.0
Groundwood & Thermomechanical	408	421	445	5260	5509	-4.5
TOTAL PULP DIVISION DATA	4363	4499	4347	54081	55548	-2.6

(s) - Shipments R - Revised
P - Preliminary -

FEBRUARY 28, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1984	1985	Nov	Dec	Jan	1986	
Total Production (API).......: excluding :...	68449	67175	5585	5388	5918	71016	3.1
Total Seasonally Adjusted....:construction:...			5614	5954	5875	70500	3.1
Imports (including Products).: and wet :..E	10576	11106	916	889	936	11237	4.5
Exports (including Products).: machine :..E	4309	4009	323	332	362	4339	6.0
Apparent Consumption.........: grades :...	74715 a	74272 b	6207	6512	6450	77398 c	3.1
Paper Production % Tonnage Capacity...........	93.4 g	89.7 g	89.1	83.9	91.1	92.9 gh	-
Paperboard Production % Tonnage Capacity......	94.8 g	90.1 g	89.9	83.3	91.7	92.5 g	-
			Nov	Dec	Jan		
IMPORTS.....:Including Constuction and :...	11075	11521	941	911	958	11494	4.2
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	330	339	371	4453	7.0
			Oct	Nov	Dec		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6891	6791	569	585	537	N.A.	N.A.
TOTAL WOOD PULP PRODUCTION - Tons (000)..........	55548	54080	4595	4499	4363	"	"
WOOD PULP IMPORTS - TONS (000)..................	4490	4466	355	401	339	"	"
WOOD PULP EXPORTS - TONS (000)..................	3594	3793	269	363	295	"	"
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			Oct	Nov	Dec		
Wood Pulp.............:consumption for:.....	54664	53303	4597	4406	4320	N.A.	N.A.
Waste Paper...........:construction & :.....	15926	15290	1364	1286	1207	"	"
TOTAL..........: WMB grades :.....	70590	68594	5961	5692	5527	"	"
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7666	7112	6907	"	"
EMPLOYMENT (000)			Nov	Dec	Jan		
Paper and Allied Products..........Total......	682.3	683.3	687.6	685.3	682.5	682.5	0.4
Pulp, Paper and Board Mills........Total.....E	263.9	257.7	255.3	255.2	255.5	255.5	-3.1
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.....................	10.44	10.82	10.97	11.05	10.97	10.97	2.8
Pulp, Paper Mills..........................E	12.45	13.11	13.44	13.38	13.40	13.40	4.4
Paperboard Mills...........................E	12.99	13.60	13.99	14.08	14.05	14.05	7.0
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q2	1985 Q3	1985 Q4		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.49	8.10	8.64	9.47	8.80y	3.7
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			Nov	Dec	Jan		
:IN PULP, PAPER :...Production Workers..........	125.5	125.7	125.2	117.9	129.0	129.0	1.5
:AND BOARD MILLS:...All Employees...............	123.9	124.7	125.0	118.3	129.3	129.3	3.2
PAPER AND ALLIED PRODUCTS (Million $)			Oct	Nov	Dec		
Industry Shipments (Dept. of Commerce)*........	95990	97822	8097	8194	8548	N.A.	N.A.
Pulp, Paper and Paperboard*..................	41539	41971	3483	3498	3715	"	"
Inventories (End of Period) - Total Industry*..	9701	9640	9629	9659	9640	"	"
Pulp, Paper and Paperboard*..................	3662	3736	3720	3703	3736	"	"
			1985 Q1	1985 Q2	1985 Q3		
Sales (Corporations Only)......................	71891	71997 ‡	17797	18262	17939	N.A.	N.A.
Earnings (Corporations Only)...................	3015	2924 ‡	718	874	601	"	"
Depreciation (Corporations Only)...............	2798	3107 ‡	765	761	804	"	"
Net Worth (Corporations Only)..................	28160	29647 #	29241	29797	29647	"	"
PRICE INDEXES (Bureau of Labor Stats)1967=100			Nov	Dec	Jan		
Pulp, Paper & Products, ex. Building Grades....	292.9	292.2	287.7	287.9	290.6	290.6	-2.4
Wood Pulp......................................	395.0	347.2	333.3	332.0	331.3	331.3	-13.6
Waste Paper....................................	240.1	148.8	126.6	126.6	129.1	129.1	-32.3
Paper..	303.2	303.6	301.0	301.2	301.0	301.0	-2.0
Paperboard.....................................	280.6	275.5	264.2	264.6	264.1	264.1	-8.6
PAPER DEMAND (INDEXED: 1977=100)			Nov	Dec	Jan		
Total Paper Production *......................	124.1	122.9	122.2	126.2	127.4	127.4	1.7
Paper New Supply *............................	127.7	128.7	128.1	130.1	132.9	132.9	2.5
Demand Indicators - (Weighted Average) *.....	136.7	142.2	144.7	146.2	146.0	146.0	5.1
Production of Nondurable Goods *...(21.2%).	122.5	125.5	127.1	128.2	128.4	128.4	4.2
Disposable Income ....*.(23.9%)	124.0	126.8	127.5	127.0	127.2	127.2	0.5
Total Printing and Publishing *...(54.9%).	147.8	155.3	158.9	161.5	161.0	161.0	7.0
Trend Factor	-----	-----	-----	Not Available	-----	-----	-----
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.................	117.4	114.9	115.7	126.0	121.6	121.6	4.6
Production for Domestic Use	115.2	113.8	114.5	125.0	119.9	119.9	2.8
Demand Indicators - (Weighted Average) *.....	118.3	120.3	121.5	122.7	123.4	123.4	3.5
Production of Consumer Goods *...(62.06%)	118.2	120.7	122.8	124.2	125.2	125.2	5.4
Production of Equipment *...(5.75%)	140.5	147.1	148.3	148.6	148.8	148.8	2.1
Production of Materials *...(32.19%)	114.6	114.7	114.3	115.2	115.3	115.3	-0.1
Trend Factor	-----	-----	-----	Not Available	-----	-----	-----
NEWSPRINT MARKETS			Oct	Nov	Dec		
Consumption by Publishers - Tons (000).........	12612	12781	1156	1145	1136	N.A.	N.A.
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	455.9	462.5	463.8	"	"
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)...........	157798	152408	14676	15635	13697	"	"
WHOLESALERS SALES AND INVENTORIES (Million $)(1)							
Total Paper & Pap. Prdcts.,ex Wallpaper.,Sales	31876	34635	3176	2889	2944	"	"
Inventories (End of Period).	2724	3155	2991	3071	3155	"	"
FIBRE BOX DATA (Fibre Box Association)			Nov	Dec	Jan		
Fibre Box Shipments (Million square feet).......	267549	264128	20722	19594	24075	288900	5.0
Container'bd Inventory at Mill & Plant(000Tons).	2882	2477	2469	2477	2513	2513	-15.4
RETAIL TRADE (Million $)			Oct	Nov	Dec		
Total Retail Sales *...........................	1291835	1378161	114860	115620	117862	N.A.	N.A.
Nondurable Goods Stores Sales *...............	841417	866541	72937	73412	73828	"	"
GENERAL ECONOMIC DATA			Nov	Dec	Jan		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.5	125.4	126.3	126.7	126.7	2.5
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.4	308.8	309.7	310.2	309.0	309.0	-0.3
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	326.6	327.4	328.4	328.4	3.9
			Sept	Oct	Nov		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	N.A.	524.4	530.2	537.0	N.A.	N.A.
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billions$)..			1985 Q2	1985 Q3	1985 Q4		
G.N.P. or Expenditure - Current $..............	3774.7	3988.9	3960.5	4016.2	4061.5	N.A.	N.A.
G.N.P. or Expenditure - 1982 $.................	3492.0	3571.0	3557.4	3584.1	3594.8	"	"

lb/capita

Pap&Papbd	Othr	Totl	Popul(mil)
.a - 631	+ 21 =	652	236.7
.b - 624	+ 21 =	645	238.6
.c - 645	+ 21 =	666	240.0e

.e - estimated by API

f - Wood Pulp Production excludes def., expl. & screens.

g - Adjusted for holiday shutdowns

h - Adjusted to conform with API Division data

j - Census unpublished data; standard dev. = 6.8%

N.A. - Not Available

‡ - First three quarters, Annual Rate.

Q - Quarter

- End of third quarter.

R - Revised

RS - Revised Series

y - Full year estim. by U.S. Dept. of Com.

* - Seasonally Adjusted.

A2500-2

Paper
Paperboard
& **Wood Pulp**

·MONTHLY STATISTICAL SUMMARY · Vol. 64 · No. 3 MARCH 1986

PAPER AND PAPERBOARD PRODUCTION: HOLDING STEADY

The trend position of paper and paperboard production in February 1986 (the average of the current and preceding month's seasonally adjusted levels) eased from the record high 71.0 million tons per year level reached in January to 69.7 million tons. Weekly data for March suggests that the rate of production is holding close to the January-February rate of 69.7 million tons per year.

Production gains over a year ago lean slightly in favor of paperboard because of the more favorable export trend in that category. Total paper production for the first two months of 1986, at a seasonally adjusted rate of 34.9 million tons per year, was about 0.9% above over its comparable year-earlier figure and 2.7% above the total for 1985. The seasonally adjusted annual rate of paperboard production for these months was 34.8 million tons, 4.7% above the comparable 1985 rate and 4.6% above the total for that year. The trends within the paper and paperboard grades generally continued along the same paths they followed during the last three quarters of 1985.

Among the paper grades, the overall gain of 0.9% reflected advances of 3.5% in printing-writing papers and 1.2% in tissue papers, partially offset by declines in total packaging and other paper of 5.2% and in newsprint of 2.0%. As shown in the table on page 3, the strongest single gain was in uncoated free sheet -- 9.8% above a year ago.

U. S. newsprint production continues to ease from the record levels of 1984. Last year saw a decline of 2% from the total of 5.5 million tons produced in 1984 and the currentseasonally adjusted rate is 3.3% below that level. Total new supply of newsprint (production plus imports minus exports), which had followed a flat trend from the beginning of 1979

Continued on Page 2

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through the middle of 1983, rose by 11.3% in 1984 and another 3.7% in 1985. Its current annual rate of 13.6 million tons per year is close to the 1985 total. However, imports, mainly from Canada, have been supplying an increasing proportion of the total in this country during the past 3 years. In 1983, these imports accounted for about 59% of total new supply. At the current levels, imports represent roughly 62% of new supply.

Printing and writing papers continue to follow a strong trend. Total shipments in January and February averaged 19.1 million tons per year, 3.5% above their year-ago level. However, shipments of the individual grades followed disparate trends. Demand for uncoated free sheet remained strong, in keeping with the 1985 trend. Shipments in the first two months of 1986, at a record-high 10.2 million tons per year, were, as noted earlier, 9.8% above their year-ago rate. Imports, a further indicator of demand, took a sharp jump from the relatively low level they had reached in the last quarter of 1985; at 46,087 tons the January 1986 total was 76.1% above its year-ago level and second only to the peak reached in July 1984, while exports fell 23% to 4,708 tons.

Data for January 1986 showed that the largest increases in uncoated free sheet shipments were to business forms and other converters, followed by shipments to envelope converters and to book publishers. Shipments to the important office reprographics market held close to their year-ago level.

The rate of coated paper shipments has moved upward from the lows of the last half of 1985, reaching 6.1 million tons per year in the first two months of this year. The January-February rate was 3.4% above the rate for all of 1985, although still 5% below the highs of the first quarter of last year. Imports of coated papers, held fairly close to their second half 1985 average rate, but were 27% below their January 1985 level. They accounted for 7.1 of the total new supply in January 1986, compared to 7.9% for all of 1985.

Tissue paper showed a gain above that of total paper. At 1.2% ahead of a year ago, domestic production continues to grow at a faster rate than the growth in population. Imports so far in 1986 represent 1.8% of new supply (production plus imports minus exports) compared with 1.1% for the whole of 1985 and 0.6% in 1984. Most of these additional imports are coming from Venezuela and Mexico; imports from Canada, which in the past have accounted for the most of the tissue paper imports, were down from their year-ago level in January 1986. While the year-to-year growth in the new supply of tissue papers was slightly below the estimated growth in the real gross national

Continued on Page 10

PAPER AND PAPERBOARD STATISTICS

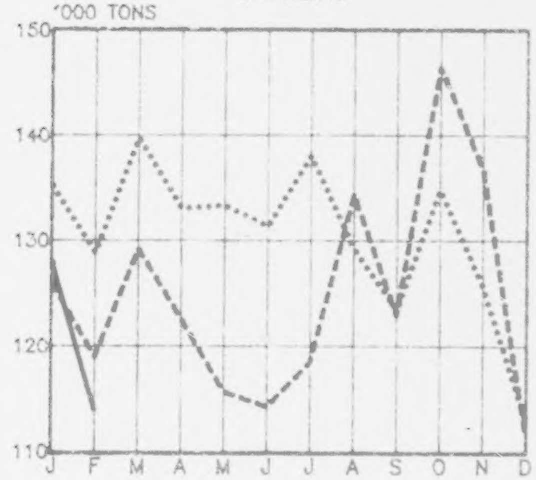
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1984	YEAR 1985	NOV. 1985	DEC. 1985	JAN. 1986	FEB. 1986	Annual Rate Y-T-D 1986	% Change From same Period Last Year
PAPER								
Newsprint - Production	5539	5428	438	438	463	434	5383	-2.0
- Shipments	5584	5417	437	444	427	434	5162	-4.7
Printing & Writing sum	18395	18407	1541	1481	1654	1522	19054	3.5
Groundwood Paper - Shipments	1565	1498	137	112	128	114	1451	-1.3
- New Orders	1575	1478	126	105	142	110	1512	6.2
-Unfilled Orders	140	106	111	106	118	118	118	0.1
Coated Papers - Shipments	6249	5863	472	448	521	489	6060	-5.0
- New Orders	6281	5717	474	444	552	482	6201	2.6
- Unfilled Orders	575	430	426	430	439	453	453	-8.4
Unctd Free Sheet - Shipments	9207	9739	819	813	889	808	10179	9.8
- New Orders	8939	9789	869	775	886	811	10177	9.5
- Unfilled Orders	430	509	525	509	474	508	508	14.9
Thin Papers - Shipments	267	241	20	19	23	28	305	19.2
Cotton Fiber Paper - Shipments	147	143	13	11	13	12	149	8.1
Bleached Bristols - Produbtion	959	924	80	79	80	71	910	1.2
Tissue Paper - Production	4921	4941	411	410	428	391	4911	1.2
Total Packaging & Other Paper	5555	5210	421	410	436	405	5043	-5.2
Unbl. Kraft Paper - Shipments	3666	3410	271	271	290	263	3321	-6.6
Other Paper - Production	1889	1800	148	139	145	142	1722	-2.4
TOTAL PAPER-Production-Unadj. *	34409	33986	2810	2740	2981	2751	34390	0.9
-Production-S.A. *			2813	2922	2943	2873	34892	0.9
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25488	2108	2058	2259	2078	26019	4.4
Total Unbl. Kraft Paperboard	17185	16434	1354	1314	1461	1325	16714	3.5
Unbl. Kraft Linerboard (1)	16037	15242	1253	1229	1354	1223	15459	2.6
Production for Export	2086	1756	151	156	173	151	1946	32.5
Other Unbl. Kraft Paperboard	1149	1191	101	86	107	102	1256	16.1
Semichemical Paperboard	5169	5084	427	414	443	416	5155	5.1
Production for Export	149	189	13	19	18	13	188	14.5
Solid Bleached Paperboard	4048	3972	327	310	355	337	4150	7.3
Production for Export	478	459	41	40	31	41	433	3.0
Recycled Paperboard	7637	7701	659	598	681	642	7935	5.6
Production for Export	17	14	1	1	2	2	26	68.6
TOTAL PAPERBOARD-Prod.-Unadj. *	34039	33188	2767	2656	2940	2719	33954	4.7
- Containerboard Prod.(Dom. Use)	20993	20353	1695	1616	1784	1635	20516	1.4
- Boxboard Prod.(Dom. Use) (2)	5783	5748	477	466	503	476	5871	3.0
- All Other P'bd Prod.(D.U.) (2)	4531	4669	390	357	428	401	4977	12.5
- Total Paperbd Prod. for Export	2731	2418	205	216	225	207	2593	25.2
TOTAL PAPERBOARD PROD. - S.A. *	33982	33251	2793	3041	2934	2867	34808	4.7
TOTAL PAPER AND PAPERBOARD								
Production - actual *	68448	67174	5577	5396	5920	5470	68344	2.8
Production - S.A. *			5606	5961	5877	5740	69700	2.8

(1)Includes all exports of kraft paperboard. - - R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All other P'bd.
* NOTE: Year 1984 contains one more day than year 1985 and 1986.

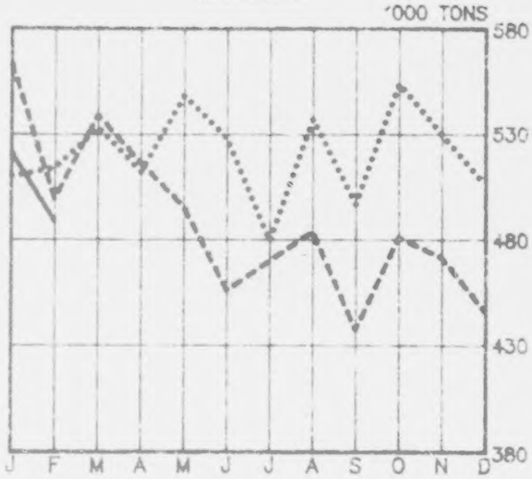
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



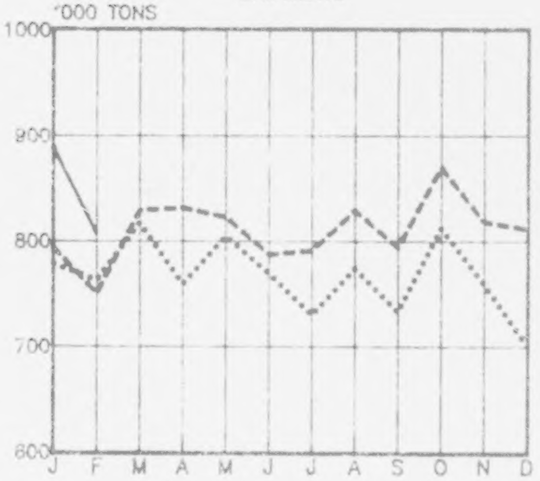
COATED PAPER

SHIPMENTS



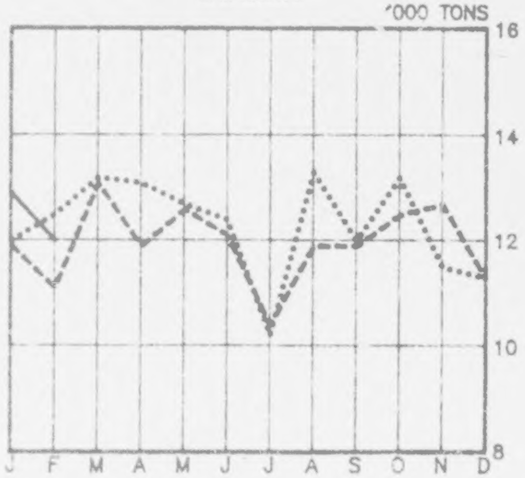
UNCOATED FREE SHEET PAPERS

SHIPMENTS



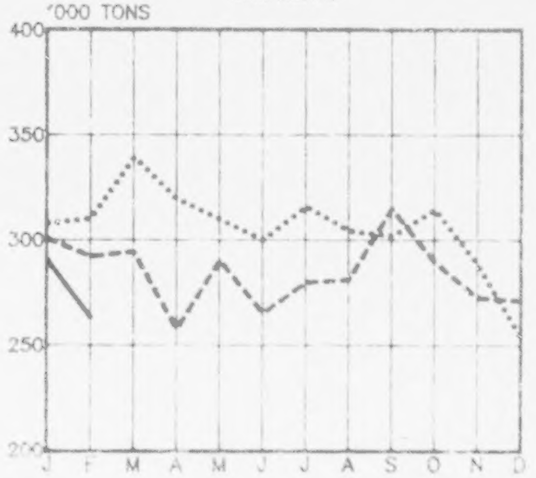
COTTON FIBER PAPER

SHIPMENTS



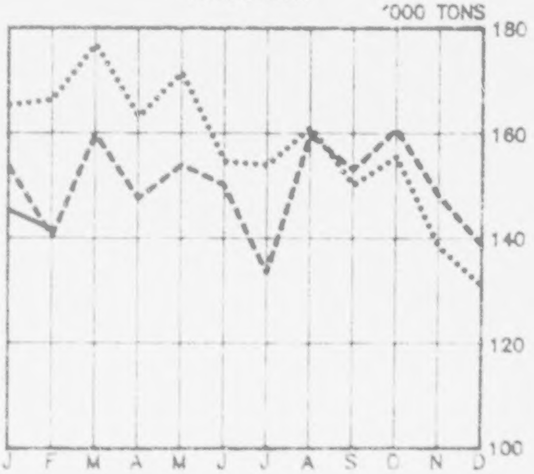
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 ········ 1985 – – – – – 1986 ———

WOOD PULP STATISTICS

(Thousands of Tons)

		YEAR 1984	YEAR 1985	OCT 1985	NOV 1985	DEC 1985	JAN 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
TOTAL WOOD PULP						R	P		
Total Wood Pulp	- Production	55470	54170	4595	4499	4385	4846	58154	5.5
	- Imports	4490	4466	355	401	339	383	4594	22.4
	- Exports	3594	3791	269	363	295	368	4410	22.2
	- New Supply	56367	54844	4681	4537	4429	4861	58338	5.6
Dissolving Pulp	- Production	1206	1174	106	97	93	107	1278	23.5
	- Imports	161	175	15	17	11	31	370	432.6
	- Exports	595	631	45	56	42	55	666	3.8
	- New Supply	772	718	76	58	62	82	982	112.2
Paper Grades Chemical Pulp	- Production	44690	43696	3683	3648	3555	3931	47167	5.6
	- Imports	4023	4104	332	365	324	348	4170	15.8
	- Exports	2945	3131	220	302	250	310	3718	26.2
	- New Supply	45767	44668	3796	3711	3629	3968	47619	5.1
Groundwood and Thermo-Mech.	- Production	5506	5251	454	421	408	463	5555	3.7
	- Imports	306	187	7	19	4	4	54	-34.8
	- Exports	54	29	4	4	3	2	27	16.6
	- New Supply	5758	5409	457	435	409	465	5582	3.1
Semi-Chemical	- Production	4069	4050	353	333	328	346	4154	2.5
	- Imports								
	- Exports			- - - - -	Included in	Groundwood Pulp		- - - - -	
	- New Supply	4069	4050	351	333	328	346	4154	2.5
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6898	6800	563	595	554	622	7469	7.4
	- Imports	2968	2791	239	226	217	246	2947	11.4
	- Exports	3511	3784	290	306	354	389	4668	74.4
	- New Supply	6355	5807	518	505	417	479	5747	-17.0
Dissolving Pulp	- Production	1205	1171	105	96	93	106	1272	23.0
	- Imports	204	174	11	16	9	26	314	161.7
	- Exports	690	666	53	51	68	54	647	100.4
	- New Supply	718	679	63	62	33	78	939	12.9
Paper Grades Chemical Pulp	- Production	5680	5605	462	482	460	515	6181	4.7
	- Imports	2664	2531	225	194	206	217	2603	5.2
	- Exports	2821	3117	237	255	286	335	4021	71.0
	- New Supply	5523	5019	450	421	381	397	4763	-21.0
Groundwood Pulp and All Other	- Production	14	24	1	7	1	1	16	-7.1
	- Imports	100	86	4	15	3	3	30	-41.9
	- Exports	1	1	0	0	0	0	0	0.0
	- New Supply	114	109	5	22	3	4	46	-32.1

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

FIBROUS RAW MATERIALS

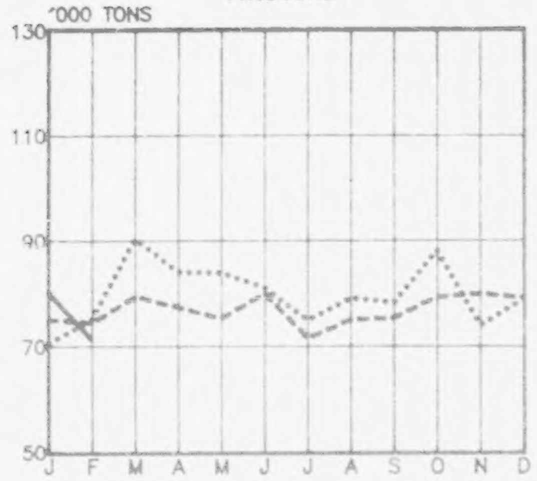
(Thousands of tons)

	YEAR 1984	YEAR 1985	OCT 1985	NOV 1985	DEC 1985	JAN 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	70488	68588	5961	5692	5538	6110	73316	4.6
Total Wood Pulp	54562	51297	4597	4406	4332	4709	56514	5.5
Waste Paper	15926	15290	1364	1286	1207	1400	16802	1.7
INVENTORIES								
Own Use Wood Pulp at Pulp Mills	174	164	175	190	164	165	1976	0.1
Mkt Pulp at Pulp Mills (Paper Grades)	585	486	507	537	486	444	5332	-33.3
Mkt Pulp at Ppr. & Bd. Mills *	494	398	428	330	390	429	5148	-8.9
Waste Paper at Paper &Bd. Mills	1053	978	999	957	978	954	11447	-7.7
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	32	35	30	26	312	-46.9

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised. || - Indicates [illegible]

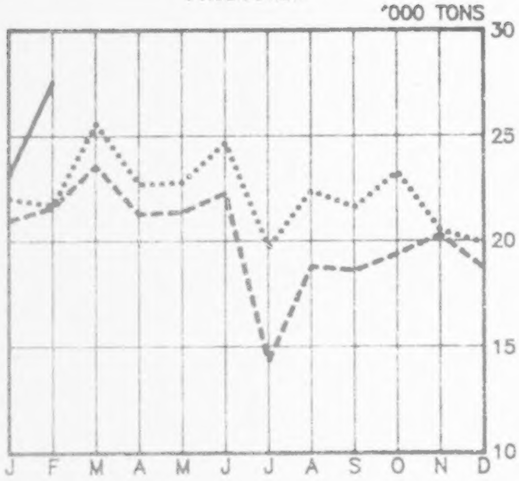
BLEACHED BRISTOLS

PRODUCTION



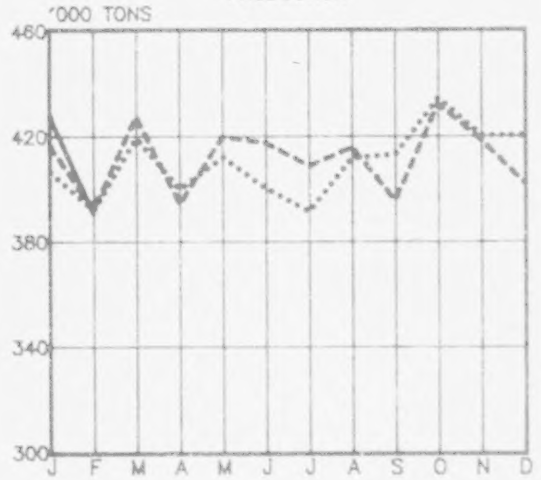
THIN PAPER

PRODUCTION



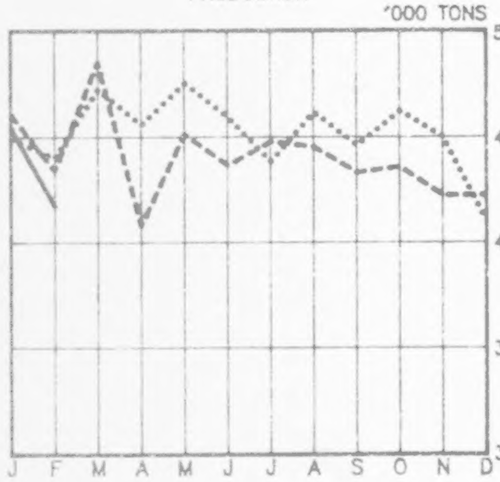
TISSUE PAPER

PRODUCTION



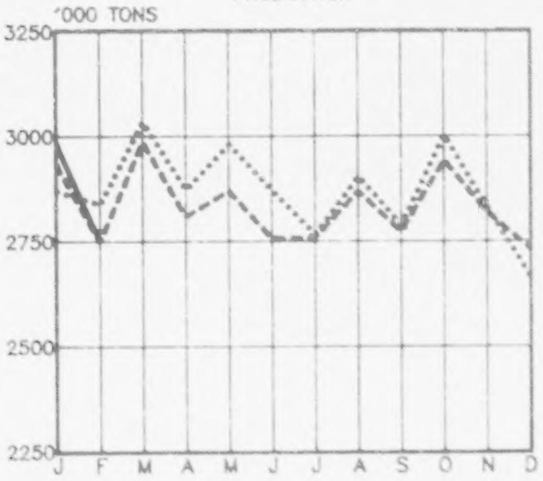
NEWSPRINT

PRODUCTION



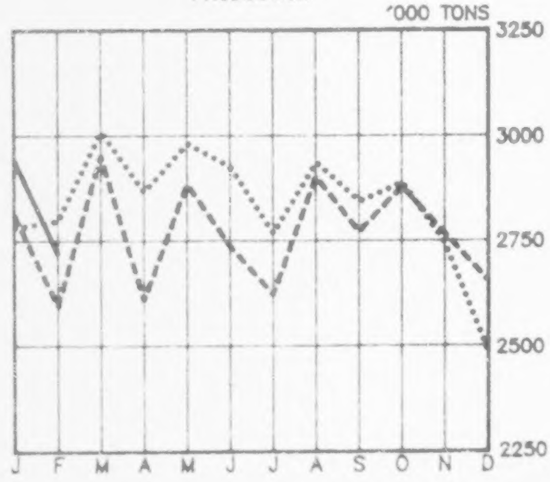
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1984 ········ 1985 - - - - -1986 ———

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1983	YEAR 1984	OCT. 1985	NOV. 1985	DEC. 1985	JAN. 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	84475	88976	7889	6914	6861	9137	109644	22.1
	- Total Consumpt	85441	87646	7666	7112	6907	9208	110496	24.2
	- Residues *	32550	32072	2927	2488	2303	3779	45148	55.8
	- Inventories	5229	5574	5122	5062	5046	6943	6943	25.1
So. Atlantic	- Total Receipts	27736	27834	2619	2322	2425	2665	31980	13.2
	- Total Consumpt	28947	27744	2554	2496	2314	2544	30528	9.4
	- Residues *	7434	8148	824	721	685	838	10056	33.4
	- Inventories	1163	1444	1122	1099	1317	1224	1224	-17.2
Northeast	- Total Receipts	7751	7665	624	606	621	649	7788	-10.7
	- Total Consumpt	7774	7474	593	624	599	666	7992	-2.3
	- Residues *	1349	1567	118	148	134	110	1320	-10.6
	- Inventories	577	595	517	505	544	500	500	-17.5
South Central	- Total Receipts	35404	33633	2845	2417	2388	2891	34692	15.5
	- Total Consumpt	33162	33132	2623	2378	2292	2787	33444	8.4
	- Residues *	9218	9059	884	747	704	860	10320	15.1
	- Inventories	1336	1394	1143	1192	1298	1339	1339	12.9
North Central	- Total Receipts	6265	6872	631	484	490	420	5040	-39.7
	- Total Consumpt	6343	6061	556	523	506	555	6660	-0.7
	- Residues *	1822	1472	119	94	76	97	1164	-23.0
	- Inventories	851	836	979	896	884	976	976	-3.9
West	- Total Receipts	16014	15992	1323	1081	1037	1256	15072	4.7
	- Total Consumpt	16626	15763	1140	1201	1096	1328	15936	4.1
	- Residues *	12612	11842	1002	803	734	937	11244	17.0
	- Inventories	1202	1330	1471	1370	1303	1452	1452	14.7

* - Consumption of Residues in Wood Equivalents. SOURCE: American Pulpwood Association 27-Mar-86

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	DEC. 1985 Tons	DEC. 1985 $000's	JAN. 1986 Tons	JAN. 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	11604	2462	98	10	128	32	1536	-98.8
Pulpwood chips	788446	21955	64037	1536	68707	1509	824484	-34.7
Wood Pulp, Total	4010736	1355871	315315	109688	224802	106824	2697624	-23.7
Waste Fibrous Materials, Total	144964	26471	9609	1451	13383	3551	160600	12.2
Paper, Board & Products, Total	9734523	4306694	793591	350298	783464	352351	9401568	5.2
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9410736	4164935	784414	337248	774358	334340	9292296	4.7
Paper, Paperboard & Products	9362135	4213314	776419	344985	766431	347552	9203170	5.6
Paper & Paperboard, Only	9288488	4071806	767019	331915	757825	334297	9091894	5.1
Paper, Total	9132128	4030975	752290	327771	745285	330946	8943424	4.9
Newsprint	8117986	3498944	662608	284152	659041	287297	7908516	4.0
Printing, Writing & Rel. Pap.	843572	419561	71949	35740	68098	34992	817176	4.5
Pack. & Ind. Conv. Paper	124102	84649	12350	5996	14974	6172	179688	70.8
Special Industrial Paper	7461	5533	319	317	258	384	3094	25.7
Tissue Paper	45047	18334	1019	1889	2917	1872	35009	-0.7
Paperboard, Total	154360	42734	14749	4144	12539	3351	150470	21.5
Convtd Paper&Paperbd Products	73747	141508	9177	13050	9106	13217	109276	67.3
Wet Machine Board	2154	1481	164	118	129	92	1553	39.1
Construction Paper & Board	172104	89938	17211	6195	16404	4967	196848	-10.8

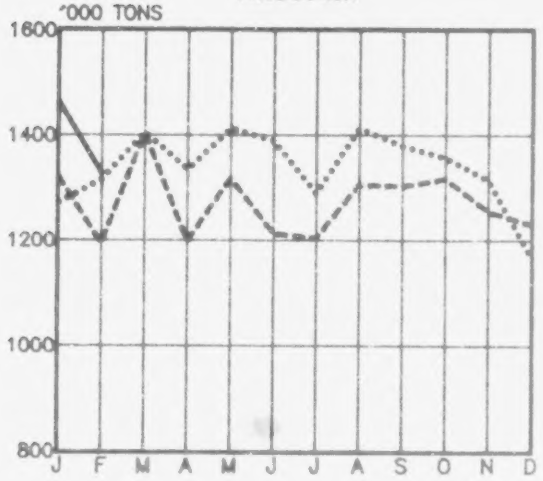
EXPORTS TO CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	DEC. 1985 Tons	DEC. 1985 $000's	JAN. 1986 Tons	JAN. 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2425	2509	160	364	20	4368	-85.7
Pulpwood chips	43636	4780	1120	43	416	20	4992	-88.6
Wood Pulp, Total	253474	57741	17617	3617	27802	8019	333624	97.8
Cotton Pulp & Other Pulp	15083	6251	2656	301	830	356	9960	-66.4
Waste Paper	209087	13249	16580	1514	18227	1840	218724	-16.8
Paper, Board & Products, Total	736140	465290	59087	31990	83493	46159	1001917	46.2
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	49839	20724	67270	30224	807238	38.8
Paper, Paperboard & Products	720385	473933	56827	32344	80892	44947	970704	46.6
Paper & Paperboard, Only	564431	322142	40843	19638	64669	29001	776024	47.5
Paper, Total	271794	223951	19733	13762	27559	19434	330713	19.5
Newsprint	3767	4236	336	274	289	244	3468	-15.1
Printing, Writing & Rel. Pap.	119803	118625	8960	7287	11193	4971	134316	-6.6
Pack. & Ind. Conv. Paper	80327	49538	2530	1118	3121	1929	37451	-38.8
Special Industrial Paper	66001	74893	7839	4971	12561	6946	150732	142.3
Tissue Paper	2794	3641	61	113	196	247	2351	-9.2
Paperboard, Total	292636	98191	15546	5847	37109	9566	445312	78.4
Convtd Paper&Paperbd Products	156250	140676	10874	12706	16223	15946	194640	43.5
Wet Machine Board	3786	4241	767	393	524	290	6283	5.5
Construction Paper & Board	19573	7259	2073	379	2074	933	24830	41.5

SOURCE: Bureau of Census, Department of Commerce (a) - Estimate of Tonnage based on Square Foot Data 27-Mar-86

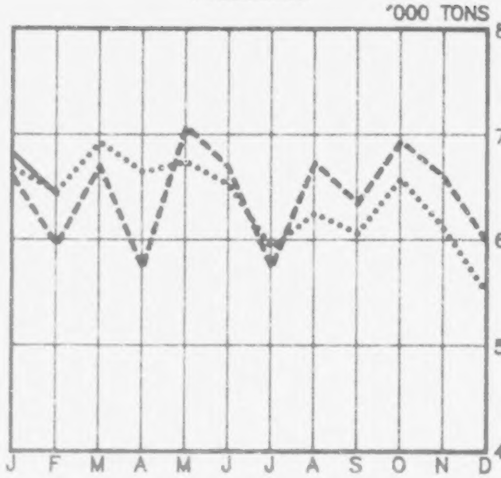
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



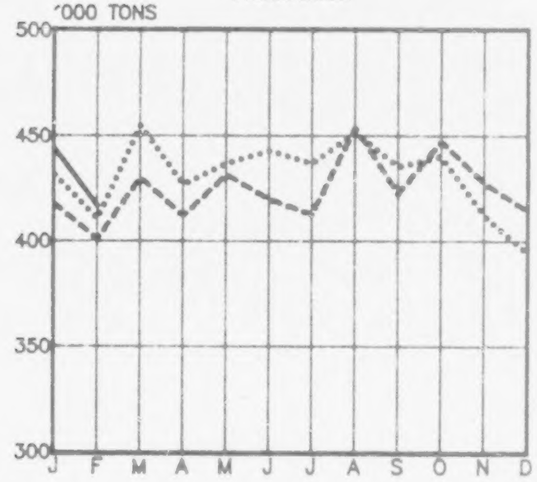
RECYCLED PAPERBOARD

PRODUCTION



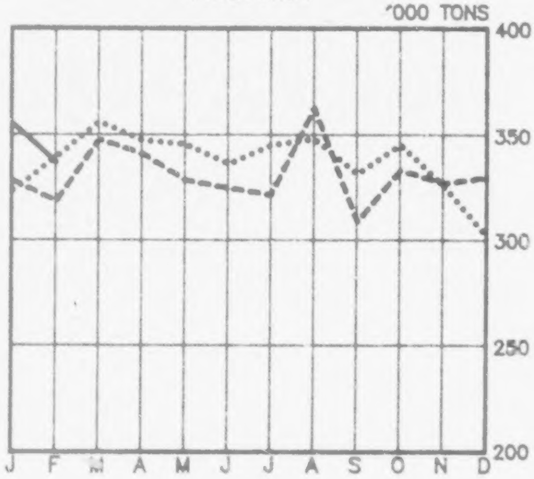
SEMICHEMICAL PAPERBOARD

PRODUCTION



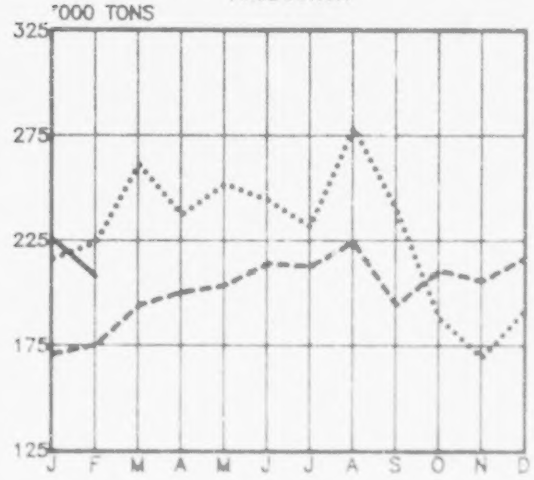
SOLID BLEACHED PAPERBOARD

PRODUCTION



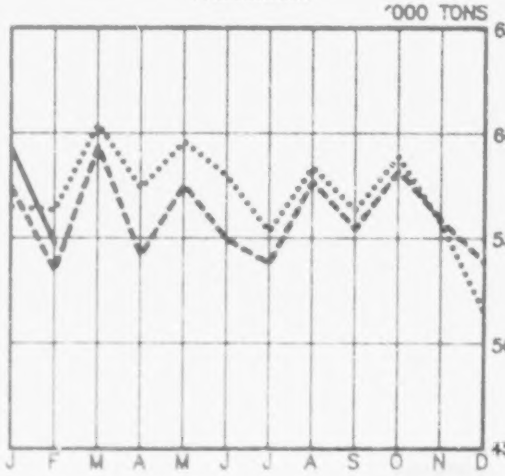
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ········ 1985 - - - - -1986 ———

I M P O R T S

	YEAR 1985 Tons	YEAR 1985 $000	1985 DEC. Tons	1985 DEC. $000	1986 JAN. Tons	1986 JAN. $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (Cords)	31755	2604	133	11	128	12	1536	-98.8
Pulpwood Chips	789382	22006	64229	1638	68768	1517	825216	-34.7
Total All Imports	16156208	7255817	1261558	567316	1355994	603168	16271922	8.9
Wood Pulp, Total	4465746	1520407	338761	107101	382812	121200	4593744	22.4
Waste Paper	87413	10160	7272	969	6425	708	77100	14.9
Other Fibrous Materials	81430	26949	4537	1436	8953	2679	107436	9.0
Paper, Board & Products Total	11551619	5697812	910502	457271	957804	478581	11493648	4.2
Paper, Paperboard, Wet Machine Bd, & Construction Paper & Board	11238394	5574432	862137	397073	933259	422556	11199104	3.8
Paper, Ppbd & Prds ex Cnst&WMB	11527154	5586077	888931	457012	936398	472200	11236776	4.5
Paper & Paperboard, Only	10821629	4462757	860541	397412	911853	416175	10942232	4.1
Paper, Total	10637428	4398882	841714	387923	896318	411465	10755817	3.9
Newsprint	8496568	3618726	653301	292880	708422	303401	8501064	6.0
Printing & Writing	1912967	1176225	135461	78163	159670	91441	1916041	-10.6
Uncoated Groundwood	1027211	510619	70527	34792	71438	35284	857254	-26.3
Coated Print.& Impreg. Pap.	496072	361855	33393	25349	39348	29516	472172	-26.8
Uncoated Free Sheet	364848	198432	29194	16011	46087	24332	553039	76.1
Uncoated Bond	200927	106586	16041	8462	23466	12551	281596	72.6
Writing and Similar Paper	163921	91846	13158	7549	22620	11780	271444	79.9
Thin (except Cigarette)	23322	22276	2253	1905	2780	3292	33360	63.4
Bristols	1024	1043	71	77	18	18	216	-82.9
Total Pkg & Other Paper	152003	126330	17458	10851	20726	12216	248712	60.7
Unbleached Kraft Paper	63604	23976	6539	2205	7548	2505	90576	105.7
Other Pkg. & Indust. Paper	108399	92424	10923	8645	13179	9512	158148	42.8
Tissue	55991	35551	5495	2454	7500	4407	89995	133.2
Paperboard, Total	184201	55875	18826	6339	15535	4739	186415	16.4
Test or Containerboard	50975	16849	4137	1516	4193	1190	50317	19.9
Semi-Chemical Corrugating	65203	13706	7247	1428	4657	1016	55886	27.8
Other Paperboard	68023	25321	7442	3395	6685	2533	80216	7.6
Convtd Paper&Paperbd Products	283525	823320	28370	59599	24545	56025	294542	25.9
Paper Products, Total	258934	772316	26124	54639	22537	51775	270438	30.7
Paperboard Products, Total	24592	51004	2246	4879	2009	4251	24104	-10.5
Wet Machine Board	3270	2585	240	201	172	124	2065	-26.1
Construction Paper & Board	413196	129140	21342	6259	21234	6258	254807	-7.3
Notes								
Other: No Weight Avail. ($000)		228219		21156		17779	213314	9.7
Total Imports Incl. Other ($000)		7484036		588473		620945	16485240	2.4

E X P O R T S

	YEAR 1985 Tons	YEAR 1985 $000	1985 DEC. Tons	1985 DEC. $000	1986 JAN. Tons	1986 JAN. $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (Cords)	51765	3037	3279	309	2263	142	27156	-11.2
Pulpwood Chips	3158137	263814	261998	[illegible]	188543	13716	2262516	-1.7
Total All Exports	11760281	4042369	905681	299850	1051043	344506	12612517	11.5
Wood Pulp, Total	3791192	1352700	294619	97763	367534	121327	4410412	22.2
Cotton Pulp and Other Pulp	107224	71832	13904	5729	8256	4753	99072	-21.2
Waste and Old Paper	3255926	349258	276797	26798	304157	40039	3649884	6.9
Paper, Board & Products, Total	4077025	2268300	338658	166637	371094	178416	4453129	7.0
Paper, Paperboard, Wet Machine Bd & Construction Paper & Board	3595119	1574327	301533	125797	284449	111504	3413388	8.1
Paper, Ppbd & Prod ex Cnst&WMB	4058221	2229544	316716	165276	361542	254890	4338500	6.1
Paper & Paperboard, Only	3617311	1548451	296211	125158	316980	127882	3803764	7.2
Paper, Total	779000	594110	83924	46246	62011	47921	744131	-7.5
Newsprint	314365	131319	28772	13196	20720	9752	248634	-25.9
Printing & Writing	202626	201845	14523	13747	16961	17231	203532	-3.7
Uncoated Groundwood	36739	31727	2345	2115	2961	2394	35533	-12.7
Clay Coated Paper	92461	65710	6331	4777	3851	5983	46210	19.1
Uncoated Free Sheet	54971	77929	4418	5322	4708	6461	56494	-22.6
Other Printing & Writing	19011	26479	1374	1533	1273	2481	15275	-9.8
Total Pkg. & Other Paper	241671	242909	40006	18136	23297	19639	279559	13.1
Unbleached Kraft	67645	29431	4252	3384	4454	1797	53446	-41.0
Other Pkg. & Indust. Paper	173976	212478	15794	14717	18843	17842	226114	42.4
Tissue	18119	18205	634	740	1034	1293	12406	40.9
Paperboard, Total	2738310	954313	212287	80985	254969	80761	3059623	11.5
Solid Wood Pulp	2492746	872281	201777	62706	223912	72290	2686942	4.3
Total Linerboard	1807151	483909	151338	36495	163149	40144	1957783	5.3
Bleached Kraft Linerboard	130359	45687	9797	1147	7201	2322	86411	-49.4
Unbleached Kraft Linerbd	1676741	435127	141538	33348	155948	37826	1871372	19.9
Other Unbleached Kraft	150651	41053	4616	1561	10944	4019	131324	54.1
Other Bleached Kraft	523081	335026	32275	21047	39554	25706	474648	-16.7
Semi-Chemical Corrugating	61851	15293	8552	2852	10261	2406	123136	91.8
Recycled Paperboard	245164	141833	10120	6185	31057	7760	372682	120.6
Convtd Paper&Paperbd Products	440910	693243	35905	40087	44646	56408	535748	-0.8
Paper Products, Total	217191	484274	18215	23902	19369	36914	232424	-3.2
Paperboard Products, Total	253729	215979	14305	16185	25277	19494	303324	1.2
Wet Machine Board	13380	6410	1343	538	1755	617	21060	71.2
Construction Paper & Board	39429	12756	5161	3182	2735	1414	32824	92.6
Notes								
Other: No Weight Avail. ($000)		5619		729		682	8184	4.4
Total Exports Incl. Other ($000)		4048627		299628		347137	12620698	-4.9

SOURCE: Bureau of Census (U.S. Department of Commerce). [illegible] weights, of [illegible] based on square foot data.
(1) Annual Rate Year-to-Date is [illegible] unless otherwise specified in [illegible]

PRODUCER PRICE INDEXES

1967 = 100

	1984	1985	NOV. 1985	DEC. 1985	JAN. 1986	FEB. 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.2	287.7	287.9	287.9	287.9	287.9	-3.3
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.8	294.6	290.4	290.6	290.6	290.5	290.5	-3.0
Total Wood Pulp	395.0	347.2	333.1	332.0	331.3	330.2	330.8	-12.0
Total Paper	303.2	303.6	301.0	301.2	301.0	301.4	301.2	-1.5
Total Paper, exc. Newsprint	301.2	298.8	295.3	295.5	295.1	295.6	295.4	-2.0
Newsprint	324.1	332.9	331.0	330.2	324.1	324.8	324.5	-3.0
Total Paperboard	280.6	275.5	264.2	264.6	264.1	262.7	263.4	-8.7
Total Paper and Paperboard *	296.1	294.8	289.5	289.7	289.4	289.3	289.3	-3.7
Converted Products	280.7	288.1	285.4	285.7	285.8	285.7	285.8	-1.5
Waste Paper	240.1	148.8	126.6	126.6	129.1	136.9	133.0	-30.6
All Commodities	310.4	308.9	309.7	310.2	309.0	304.7	306.9	-0.9
Industrial Commodities	322.6	324.0	325.0	325.2	324.0	319.4	321.7	-0.4

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor   * Computed by API

Continued from Page 2

product during the early months of 1986, the new supply-real GNP ratio was about equal to its 1985 average. Tissue paper new supply has closely tracked real GNP since about 1977.

Declines in packaging and industrial converting papers continue along the lines established in 1985 and before, reflecting, in part, continued inroads by plastic packaging materials. Unbleached kraft paper shipments in the first two months of 1986 were 6.6% below their year-earlier level, but about equal to their fourth quarter 1985 rate. One indicator of the trend toward plastic packaging is the ratio of flexible wrapping products containing paper to the total of all flexible wrapping products. This ratio fell from 37% in 1977 to an estimated 32% in 1985.

Production of all the major paperboard categories showed gains over year-ago levels in the first two months of 1986. The major gains occurred in production for export, up 25.2% and production of paperboard other than the containerboard and boxboard grades for domestic use, which rose 12.5%.

The strength in production of paperboard for export reflected a 32.5% gain in unbleached kraft linerboard exports to a 1.9 million tons per year rate, and a 14.5% increase in semichemical paperboard. The rate of total paperboard production for export

Continued on Page 11

in this period was close to 2.6 million tons per year, 7.2% above the rate for all of 1985 and about 5% below the 1984 total.

Production of containerboard for domestic use was only 1.4% over its year-ago rate in the first two months of 1986, with kraft linerboard slightly below its year-ago total. However, shipments of fibre boxes, at an annual rate of 272 billion sq. ft., were 5.2% above their year-ago level in this period, pointing to the underlying strength in this market. Consumption of containerboard at box plants in this period was some 6.7% ahead of its year-ago level. This compares with the 2.2% gain in the real GNP and the 3.5% increase in industrial production indicated for this same period.

The 3% gain in boxboard production for domestic use reflected some widely divergent trends within the grade structure. While folding boxboard showed only a small gain, the solid bleached grades increased 6.5% while the recycled grades declined by 3.3%. Set-up boxboard, which had shown some strength in the 1983-1984 uptrend phase of the economy, resumed a declining trend in 1985 and 1986, falling 11% from its year-ago level in the first two months of 1986.

Production of milk carton stock showed a strong gain over its year-ago levels. However, this production trend tends to show rather large fluctuations during the course of a year. The 1985 shipments total for this grade was the lowest since the 1982 recession and, in fact, below any other earlier year since 1961.

Among the non-packaging grades, production of gypsum wallboard facings showed a 17% gain, reflecting in part the resurgence in residential housing construction.

MARKET WOOD PULP

Stimulated by a strong demand for exports, production of chemical paper grade market pulp ran at a record-high 6.1 million tons per year in the first two months of 1986. This was 6% over its year-earlier rate and 9.1% above the average rate for all of 1985. In that same period, shipments of these pulps were at the 6.4 million tons rate, and inventories were drawndown at the rate of some 300,000 tons per year. This record-breaking rate of shipments was 26% above its year-earlier level.

Continued on Page 12

There was a modest 2.8% increase in shipments to the domestic market in that period, but export shipments soared 49% over year-earlier levels to an extraordinary 3.9 million tons per year rate.

The gains were shared by all the major markets. The largest percentage gain was the near doubling in shipments to Japan, bringing the Japanese share of these exports to 20.5% from its year-ago 15.6% share. The United Kingdom plus Western Europe received the largest share -- 40.8% of the total. Its 37.6% increase, however, brought its share down from the 44% in the year-earlier period. Shipments to all other markets rose 42%, bringing their share to 38.6% compared to its year-earlier figure of 40.3%.

These increases were at least partly the result of the decline in the trade-weighted value of the dollar. As of mid-March 1986 the dollar had fallen by some 25% from its peak of one year earlier. However, the demand for these grades in foreign markets had been fairly strong in 1985, with exports rising some 10.5% over their 1984 total. It would appear that the high value of the dollar only retarded the growth in these exports in 1985, so that when the dollar fell that restraint was released and exports soared.

PAPER STOCK

Consumption of recyclable papers at paper and paperboard mills in the first two months of 1986 was 5.7% above its year-ago level. The major gains were in old corrugated boxes and cuttings and in high grade recyclable papers. Total inventories of paper stock at paper and paperboard mills were reduced by some 73,000 tons in the first two months of 1986, to bring the total to 906,000 tons, 7.7% below its year-ago total, continuing the trend established in 1985.

In 1985 use of recyclable paper at paper and paperboard mills (excluding the construction grades, which are important users of recycled paper) accounted for 22.3% of their total fiber, compared to 22.6% in 1984 and 22.3% in 1983. The January-February 1986 gain in consumption of these fibers probably brought the ratio above its 1985 average level.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

March 31, 1986

	PRODUCTION (000 TONS)					
	Feb. 85	Jan. 86	Feb. 85	Jan. - 86 -	Jan. 85	% Change 86/85
PAPER GRADES						
Newsprint	434	463	447	897	916	-2.0
Printing & Writing	1522	1654	1476	3176	3068	3.5
Uncoated Groundwood (s)	114	128	119	242	245	-1.3
Coated Paper (s)	489	521	499	1010	1063	-5.0
Uncoated Free Sheet Paper (s)	808	889	751	1697	1545	9.8
Thin Paper (s)	28	23	22	51	43	19.2
Cotton Fiber Paper (s)	12	13	11	25	23	8.1
Bleached Bristols (s)	71	80	75	152	150	1.2
Tissue Paper	391	428	392	818	808	1.2
Total Pkg & Other Paper	405	436	432	840	886	-5.2
Unbleached Kraft Packaging & Indl. Converting (s)	263	290	292	553	593	-6.6
Other Paper *	142	145	140	287	294	-2.4
TOTAL PAPER	2751	2981	2748	5732	5678	0.9
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1325	1461	1282	2786	2691	3.5
Unbleached Kraft Linerboard	1223	1354	1192	2576	2511	2.6
Other Unbl. Kraft Paperboard	102	107	90	209	P180	16.1
Semichemical Paperboard	416	443	400	859	817	5.1
Bleached Paperboard	337	355	318	692	645	7.3
Recycled Paperboard	642	681	595	1322	1252	5.6
TOTAL PAPERBOARD	2719	2940	2595	5659	5405	4.7
TOTAL PAPER AND PAPERBOARD	5470	5920	5343	11391	11083	2.8

WOOD PULP (ALL GRADES)	Jan. 86	Dec. 85	Dec. 85	Jan. - 86 -	Jan. 85	% Change 85/84
Dissolving & Special Alpha	107	93	86	107	86	23.5
Bleached Sulfite	121	111	120	121	120	0.2
Unbleached Sulfite	15	15	19	15	19	-20.9
Bleached & Semi-Bl. Sulfate	2029	1857	1932	2029	1932	5.0
Unbleached Sulfate	1767	1572	1651	1767	1651	7.0
Semichemical	346	328	338	346	338	2.5
Groundwood & Thermomechanical	463	408	446	463	446	3.7
TOTAL PULP DIVISION DATA	4846	4385	4592	4846	4592	5.5

(s) - Shipments
P - Preliminary
R - Revised

MARCH 31, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD — Tons (000)	1984	1985	Dec	Jan	Feb	1986	
Total Production (API).......: excluding :...	68449	67174	5388	592[illegible]	5471	68344	2.8
Total Seasonally Adjusted....:construction:...			5954	5877	5740	69700	2.8
Imports (including Products).: and wet :..E	10576	11106	889	936	963	11395	7.7
Exports (including Products).: machine :..E	4309	4009	332	362	349	4263	13.1
Apparent Consumption.........: grades :...	74715 a	74271 b	6512	6452	6353	76832 c	2.9
Paper Production % Tonnage Capacity...........	93.4 g	89.7 g	83.9	91.2	93.1	93.0 gh	-
Paperboard Production % Tonnage Capacity......	94.8 g	90.1 g	83.3	91.7	93.8	93.1 g	-
			Dec	Jan	Feb		
IMPORTS.....:Including Construction and :...	11075	11521	911	958	989	11680	6.8
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	339	371	356	4364	13.7
			Nov	Dec	Jan		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6898	6800	585	554	622	7469	7.4
TOTAL WOOD PULP PRODUCTION - Tons (000).........	55470	54170	4499	4385	4846	58154	5.5
WOOD PULP IMPORTS - TONS (000)..................	4490	4466	401	339	383	4596	22.5
WOOD PULP EXPORTS - TONS (000)..................	3594	3793	363	295	368	4416	22.3
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			Nov	Dec	Jan		
Wood Pulp.............:consumption for:.....	54562	53297	4406	4332	4709	56514	5.5
Waste Paper...........:construction & :.....	15926	15290	1286	1207	1400	16802	1.7
TOTAL..........: WMB grades :.....	70488	68588	5692	5538	6110	73316	4.6
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7112	6907	9208	110496	24.2
EMPLOYMENT (000)			Dec	Jan	Feb		
Paper and Allied Products..........Total......	682.3	683.3	685.3	684.8	685.0	684.9	0.9
Pulp, Paper and Board Mills........Total.....E	263.9	257.7	255.2	256.0	256.2	256.1	-2.7
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.......................	10.44	10.82	11.05	10.99	11.00	11.00	3.0
Pulp, Paper Mills...........................E	12.45	13.11	13.38	13.32	13.35	13.34	4.0
Paperboard Mills............................E	12.99	13.60	14.08	13.78	13.85	13.82	4.5
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q2	1985 Q3	1985 Q4		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.49	8.10	8.64	9.47	8.80y	3.7
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			Dec	Jan	Feb		
:IN PULP, PAPER :...Production Workers..........	125.5	125.7	118.2	131.7	122.6	127.1	3.1
:AND BOARD MILLS:...All Employees...............	123.9	124.7	118.6	131.8	122.5	127.1	4.6
PAPER AND ALLIED PRODUCTS (Million $)			Nov	Dec	Jan		
Industry Shipments (Dept. of Commerce)*........	95990	97664	8194	8390	8680	104160	6.8
Pulp, Paper and Paperboard*...................	41539	41830	3498	3574	3683	44196	4.9
Inventories (End of Period) - Total Industry*..	9701	9728	9659	9728	9804	9804	-1.0
Pulp, Paper and Paperboard*...................	3662	3800	3703	3800	3958	3958	4.4
			1985 Q1	1985 Q2	1985 Q3		
Sales (Corporations Only)......................	71891	71997 #	17797	18262	17939	N.A.	N.A.
Earnings (Corporations Only)...................	3015	2924 #	718	874	601	"	"
Depreciation (Corporations Only)...............	2798	3107 #	765	761	804	"	"
Net Worth (Corporations Only)..................	28160	29647 @	29241	29797	29647	"	"
PRICE INDEXES (Bureau of Labor Stats)1967=100			Dec	Jan	Feb		
Pulp, Paper & Products, ex. Building Grades....	292.9	292.2	287.9	290.6	290.5	290.6	-2.4
Wood Pulp......................................	395.0	347.2	332.0	331.3	330.2	330.8	-12.0
Waste Paper....................................	240.1	148.8	126.6	129.1	136.9	133.0	-30.6
Paper..	303.2	303.6	301.2	301.0	301.4	301.2	-1.5
Paperboard.....................................	280.6	275.5	264.6	264.1	262.7	263.4	-8.7
PAPER DEMAND (INDEXED: 1977=100)			Dec	Jan	Feb		
Total Paper Production *.......................	124.1	122.9	126.2	127.5	124.4	125.9	0.9
Paper New Supply *.............................	127.7	128.7	130.1	132.9	130.8	131.9	2.6
Demand Indicators - (Weighted Average) *.....	136.7	142.2	146.6	147.3	146.6	146.9	5.8
Production of Nondurable Goods *...(21.2%).	122.5	125.5	128.3	129.4	128.9	129.2	4.6
Disposable Income ....*.(23.9%)	124.0	126.8	128.1	128.3	128.3	128.3	1.9
Total Printing and Publishing *...(54.9%).	147.8	155.3	161.7	162.4	161.4	161.9	7.7
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *..................	117.4	114.9	126.0	121.6	118.8	120.2	4.7
Production for Domestic Use	115.2	113.8	125.0	119.9	117.7	118.8	3.3
Demand Indicators - (Weighted Average) *.....	118.3	120.3	122.7	122.8	122.4	122.6	2.8
Production of Consumer Goods *...(62.06%)	118.2	120.7	124.0	124.3	124.4	124.4	4.5
Production of Equipment . *...(5.75%)	140.5	147.1	147.8	148.1	145.9	147.0	1.0
Production of Materials *...(32.19%)	114.6	114.7	115.7	115.4	114.5	115.0	-0.4
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
NEWSPRINT MARKETS			Nov	Dec	Jan		
Consumption by Publishers - Tons (000).........	12612	12774	1147	1120	1014	12168	5.8
Newspaper Pub. and Printing Empl. Total(000)...	443.0	5443.6	462.5	463.8	460.2	5522	2.7
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)..........	157798	152656	15635	13697	9595	115143	0.9
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	2889	2944	2928	35136	4.4
Inventories (End of Period).	2724	3155	3071	3155	3087	3087	11.0
FIBRE BOX DATA (Fibre Box Association)			Dec	Jan	Feb		
Fibre Box Shipments (Million square feet).......	267549	264128	19594	24088	21306	272364	5.2
Container'bd Inventory at Mill & Plant(000Tons).	2882	2477	2477	2489	2519	2519	-14.8
RETAIL TRADE (Million $)			Dec	Jan	Feb		
Total Retail Sales *...........................	1291835	1378161	117862	117364	117274	1407828	5.2
Nondurable Goods Stores Sales *................	841417	866541	73828	73073	73071	876864	3.4
GENERAL ECONOMIC DATA			Dec	Jan	Feb		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.5	126.3	126.5	125.7	126.1	2.0
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.4	308.8	310.2	309.0	304.7	306.9	-0.9
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	327.4	328.4	327.5	328.0	3.5
			Oct	Nov	Dec		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	549.9	530.2	537.0	549.9	N.A.	N.A.
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q2	1985 Q3	1985 Q4		
G.N.P. or Expenditure - Current $..............	3774.7	3988.9	3917.5	4016.2	4061.5	N.A.	N.A.
G.N.P. or Expenditure - 1982 $.................	3492.0	3571.0	3547.8	3584.1	3594.8	"	"

lb/capita				
Pap&Papbd	Othr	Totl	Popul(mil)	
.a - 631	+ 21	= 652	236.7	
.b - 624	+ 21	= 645	238.6	
.c - 645	+ 21	= 666	240.0e	

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data: standard dev. = 6-8%
N.A. - Not Available
Q - Quarter
- First three quarters, Annual Rate.
@ - End of third quarter.
R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 4 APRIL 1986

PAPER AND PAPERBOARD PRODUCTION: CONTINUING STRONG

For the first time since March of 1984, the production of paper and paperboard exceeded 6 million tons in a single month. Preliminary figures show total production in March 1986 at 6,057,000 tons, 2.5% above its year-ago level. While these advances in production leaned in the direction of the paperboard grades, both paper and paperboard moved above the record 3 million-ton mark. Production for the first quarter, on a seasonally adjusted annual basis, was 3.6% above the seasonally adjusted total for 1985.

The trend position of seasonally adjusted production for March (the average of February and March) annualizes to 68.9 million tons per year, 2.5% above the comparable 1985 figure. The normal seasonal gain of 10.7% in production from February to March actually occurred, indicating that total paper and paperboard production is now in a relatively flat trend. Weekly data show that this pattern is continuing into April.

As stated before, the paperboard trend is growing slightly faster than that of paper. The seasonally adjusted annual rate of paperboard production for the first quarter of 1986 was 34.6 million tons per year, 4.0% above the comparable 1985 rate and 4.1% above the total for the year. Paper showed a seasonally adjusted rate of 35.0 million tons per year for the first quarter of this year, with the fourth quarter of 1985 at 34.2 million and the first at 34.4 million. This current rate is 1.0% over the year-earlier level and 3.0% above the 1985 total.

Paper Production:

There were wide differences among the trends for the various grades of paper.

Newsprint production for the first quarter of 1986 (at an annual rate of 5,552,000 tons per year) was down 1.2% over the first quarter of 1985. Imports of this grade accounted for 60% of total U.S. new supply (production plus imports minus exports). This ratio has been climbing at a rate of about one percentage point

Continued on Page 2

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per year since the end of 1981. While Canada's share of our import market is still considerable, about 96% at the end of 1985, its share has dropped steadily since 1982 when it supplied virtually all of that same total. Imports of newsprint from Sweden, Norway and Finland have increased during this period, probably because of their more favorable exchange rates with the U.S. dollar.

Demand for uncoated free sheet papers remained strong at 889,000 tons for the month of March, matching the January 1986 level and bringing the first quarter 8.9% above the same quarter of 1985. Shipments to business forms producers and other converters, making up more than a quarter of the total market for domestically produced uncoated free sheet papers, posted strong advances over the year-ago level. Shipments to book publishers and envelope converters were also strong, while shipments for office reprographics remained on a par with 1985 levels. Imports of uncoated free sheet papers though February were still well above the year-ago level at an annual rate of 491,000 tons, 62.9% over the first two months of 1985. Exports were sluggish at 54,300 tons per year for the same period, down 35.4% from a year ago.

Production of coated papers was down 4.2% from the first quarter level in 1985. However, that quarter came at the tail end of the explosive growth in consumption of coated papers in 1984 and this may offset the importance of such a decline. The current quarterly total is 9.6% above the fourth quarter 1985 total and 10.6% above the third. The Federal Reserve Board's index of production for printers and publishers, which represents approximately 97% of the total market for U.S. made coated papers, indicates further growth. This index has maintained a 5% lead over its year-ago levels for the past six months. In addition, printer's inventories, which had been declining for the past twelve months, appear to be leveling out.

These pressures on demand have not yet been reflected in domestic production due to the high percentage that imports of this grade represent of the total new supply (production plus imports minus exports). Imports of coated papers are down from year-ago levels, but some of this tonnage is the result of contracts formulated back in 1985. The full impact of the drop in the dollar will not be felt until later this year.

Among the other printing and writing grades, production of uncoated groundwood was down 2.4% over a year ago at an annual rate of 1,461,000 tons per year. The seasonally adjusted annual rate for the first quarter of this year fell 2.7% behind the total for last year. The backlog of unfilled orders eased to a level more than 30,000 tons below the average level for 1984 and about

Continued on Page 10

PAPER AND PAPERBOARD STATISTICS

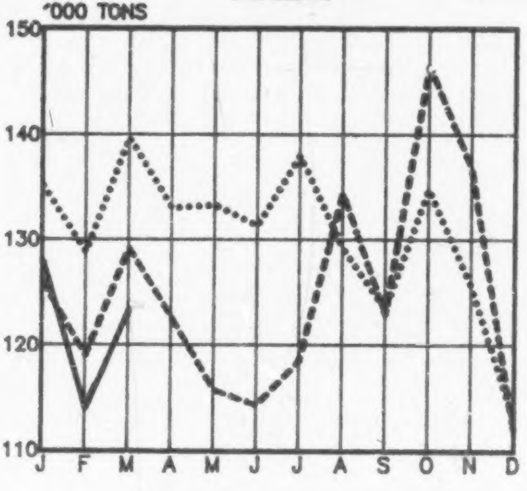
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR		DEC. 1985	JAN. 1986	FEB. 1986	MAR. 1986	Annual Rate Y-T-D 1986	% Change From same Period Last Year
	1984	1985						
PAPER								
Newsprint - Production	5539	5428	438	463	434	491	5552	-1.2
- Shipments	5584	5417	444	427	434	486	5384	-2.4
Printing & Writing sum	18395	18407	1481	1654	1522	1655	19323	3.2
Groundwood Paper - Shipments	1565	1498	112	128	114	123	1461	-2.4
- New Orders	1575	1478	105	142	113	125	1518	8.8
-Unfilled Orders	140	106	106	118	116	111	111	6.8
Coated Papers - Shipments	6249	5863	448	521	489	525	6141	-4.2
- New Orders	6281	5717	444	552	495	560	6426	8.3
- Unfilled Orders	575	430	430	439	446	496	496	13.2
Unctd Free Sheet - Shipments	9207	9739	813	889	808	889	10342	8.9
- New Orders	8939	9789	775	886	827	853	10264	6.4
- Unfilled Orders	430	509	509	474	497	440	440	-6.8
Thin Papers - Shipments	267	241	19	23	28	27	310	-17.0
Cotton Fiber Paper - Shipments	147	143	11	13	12	14	156	7.8
Bleached Bristols - Production	959	924	79	80	71	67	874	-4.8
Tissue Paper - Production	4921	4941	410	428	391	431	4997	1.1
Total Packaging & Other Paper	5555	5210	410	436	405	446	5144	-4.1
Unbl. Kraft Paper - Shipments	3666	3410	271	290	263	293	3387	-4.5
Other Paper - Production	1889	1800	139	145	142	152	1756	-3.2
TOTAL PAPER-Production-Unadj. *	34409	33986	2740	2981	2751	3022	35015	1.0
-Production-S.A. *			2922	2943	2873	2880	34782	1.0
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25490	2058	2259	2082	2334	26696	3.7
Total Unbl. Kraft Paperboard	17185	16434	1314	1461	1325	1497	17129	2.0
Unbl. Kraft Linerboard (1)	16037	15242	1229	1354	1223	1380	15826	1.1
Production for Export	2086	1756	156	173	151	199	2094	35.6
Other Unbl. Kraft Paperboard	1149	1192	86	107	102	116	1303	14.9
Semichemical Paperboard	5169	5084	414	443	416	459	5275	5.8
Production for Export	149	189	19	18	13	15	184	19.0
Solid Bleached Paperboard	4048	3972	330	355	341	378	4293	8.1
Production for Export	478	459	40	31	41	44	463	5.1
Recycled Paperboard	7637	7701	598	681	634	701	8062	4.9
Production for Export	17	14	1	2	2	2	26	80.6
TOTAL PAPERBOARD-Prod.-Unadj. *	34039	33190	2656	2940	2715	3035	34759	4.0
- Containerboard Prod.(Dom. Use)	20993	20353	1616	1784	1634	1808	20906	-0.1
- Boxboard Prod.(Dom. Use) (2)	5783	5750	466	503	480	536	6074	4.4
- All Other P'bd Prod.(D.U.) (2)	4531	4669	357	428	394	431	5012	10.4
- Total Paperbd Prod. for Export	2731	2418	216	225	207	260	2767	28.4
TOTAL PAPERBOARD PROD.- S.A. *			3041	2934	2863	2858	34622	4.0
TOTAL PAPER AND PAPERBOARD								
Production - actual *	68449	67176	5396	5920	5466	6057	69774	2.5
Production - S.A. *			5963	5877	5735	5739	69404	2.5

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.
* NOTE: Year 1984 contains one more day than year 1983 and 1985.

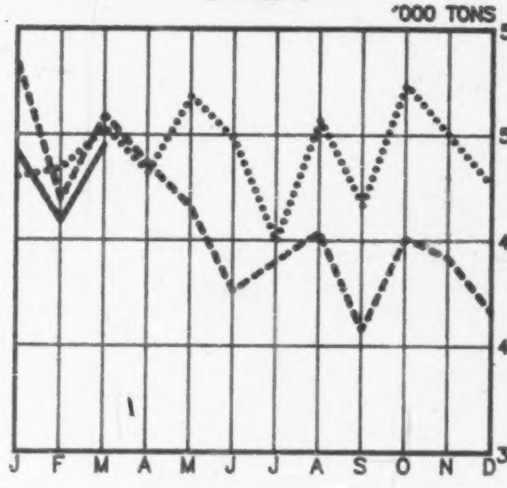
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



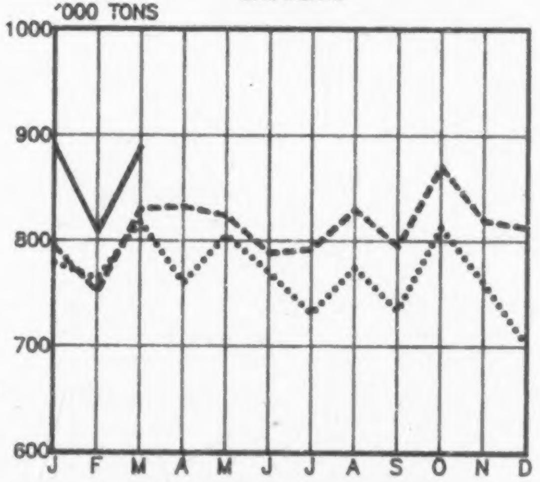
COATED PAPER

SHIPMENTS



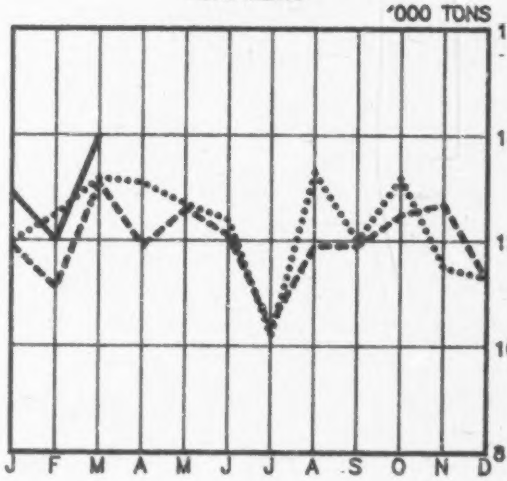
UNCOATED FREE SHEET PAPERS

SHIPMENTS



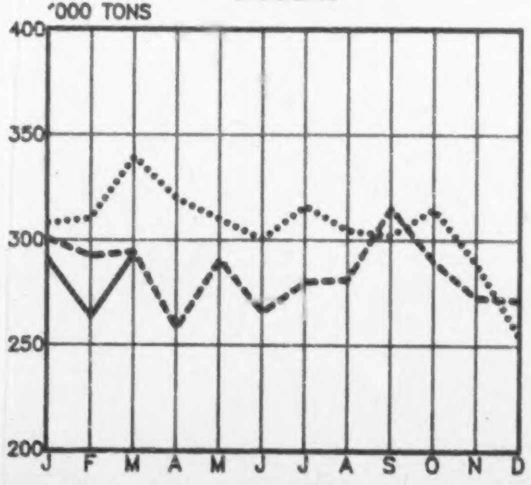
COTTON FIBER PAPER

SHIPMENTS



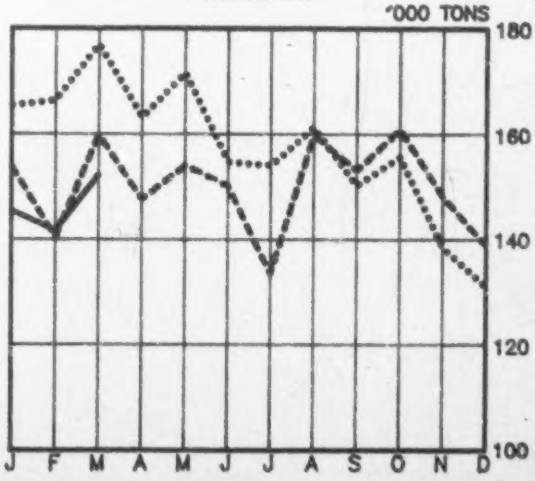
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



WOOD PULP STATISTICS
(Thousands of Tons)

		YEAR 1984	YEAR 1985	NOV 1985	DEC 1985	JAN 1986	FEB 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
TOTAL WOOD PULP						R	P		
Total Wood Pulp	- Production	55470	54170	4499	4385	4846	4407	55521	3.2
	- Imports	4490	4466	401	339	383	335	4304	3.5
	- Exports	3594	3791	363	295	368	342	4257	35.5
	- New Supply	56367	54844	4537	4429	4861	4400	55568	1.4
Dissolving Pulp	- Production	1206	1174	97	93	107	95	1208	-1.2
	- Imports	161	175	17	11	31	13	261	56.9
	- Exports	595	631	56	42	55	48	619	11.7
	- New Supply	772	718	58	62	82	60	850	1.8
Paper Grades Chemical Pulp	- Production	44690	43696	3648	3555	3931	3578	45052	3.9
	- Imports	4023	4104	365	324	348	317	3989	5.1
	- Exports	2945	3131	302	250	310	288	3589	41.1
	- New Supply	45767	44668	3711	3629	3968	3607	45451	1.9
Groundwood and Thermo-Mech.	- Production	5506	5251	421	408	463	424	5321	1.1
	- Imports	306	187	19	4	4	4	54	-72.6
	- Exports	54	29	4	3	2	6	48	15.8
	- New Supply	5758	5409	435	409	465	423	5327	-1.7
Semi-Chemical	- Production	4069	4050	333	328	346	311	3940	-0.8
	- Imports								
	- Exports			- - - - Included in Groundwood Pulp - - - -					
	- New Supply	4069	4050	333	328	346	311	3940	-0.8
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6898	6800	585	554	622	589	7270	3.8
	- Imports	2968	2791	226	217	246	221	2801	10.6
	- Exports	3511	3784	306	354	389	365	4525	44.0
	- New Supply	6355	5807	505	417	479	445	5546	-13.3
Dissolving Pulp	- Production	1205	1171	96	93	106	94	1202	-1.9
	- Imports	204	174	16	9	26	8	203	9.4
	- Exports	690	666	11	68	54	57	663	21.3
	- New Supply	718	679	32	33	78	45	742	-14.1
Paper Grades Chemical Pulp	- Production	5680	5605	482	460	515	495	6061	5.1
	- Imports	2664	2531	194	206	217	210	2563	10.9
	- Exports	2821	3117	255	286	335	309	3863	48.9
	- New Supply	5523	5019	421	381	397	397	4761	-13.2
Groundwood Pulp and All Other	- Production	14	24	7	1	1	0	7	-50.0
	- Imports	100	86	15	3	3	3	36	-0.4
	- Exports	1	1	0	0	0	0	-1	0.0
	- New Supply	114	109	22	3	4	3	44	-11.3

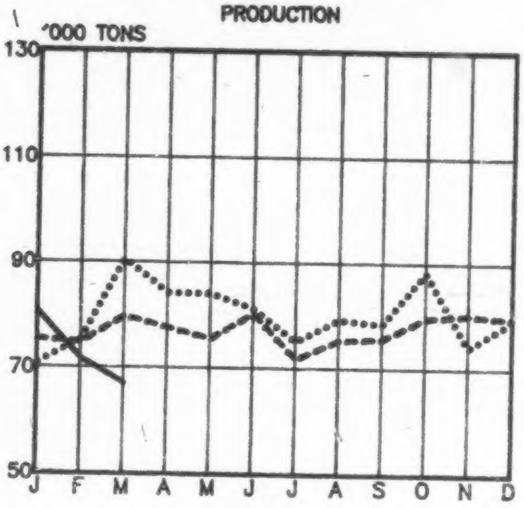
SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

FIBROUS RAW MATERIALS
(Thousands of tons)

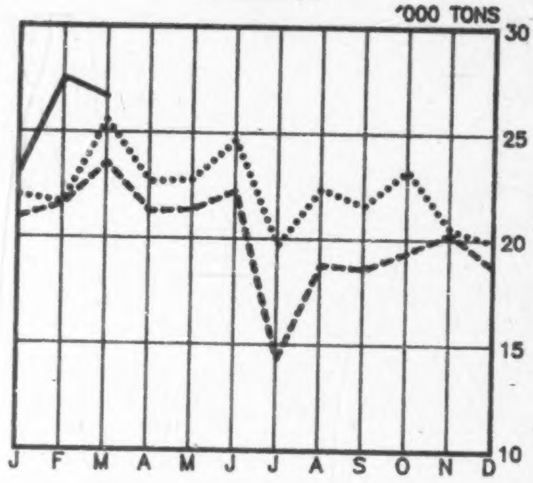
					R	P		
CONSUMPTION AT PAPER & PAPERBOARD MILLS								
Total	70488	68588	5692	5538	6257	5694	71704	5.7
Total Wood Pulp	54562	53297	4406	4332	4715	4277	53954	3.0
Waste Paper	15926	15290	1286	1207	1542	1417	17750	14.8
INVENTORIES								
Own Use Wood Pulp at Pulp Mills	174	164	190	164	165	157		
Mkt Pulp at Pulp Mills (Paper Grades)	585	486	537	486	444	421	939	-9.2
Mkt Pulp at Ppr. & Bd. Mills *	545	492	448	492	504	531	2528	-39.4
Waste Paper at Paper &Bd. Mills	1053	978	957	978	1037	999	3188	-1.8
							5992	0.7
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	35	30	26	25	25	-47.9

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

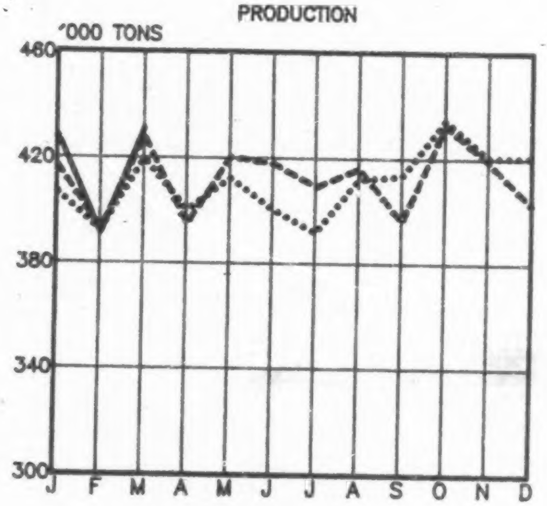
BLEACHED BRISTOLS
PRODUCTION



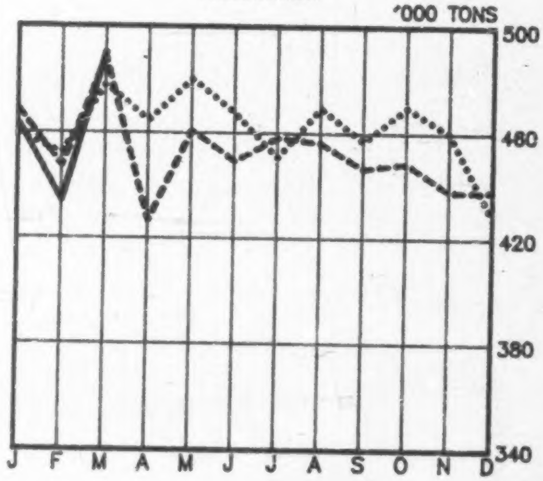
THIN PAPER
PRODUCTION



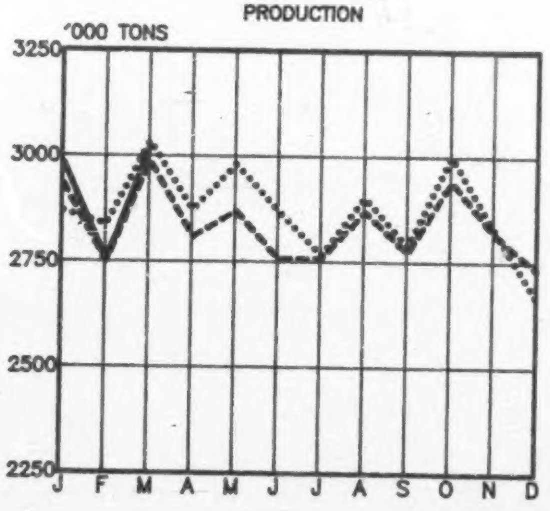
TISSUE PAPER
PRODUCTION



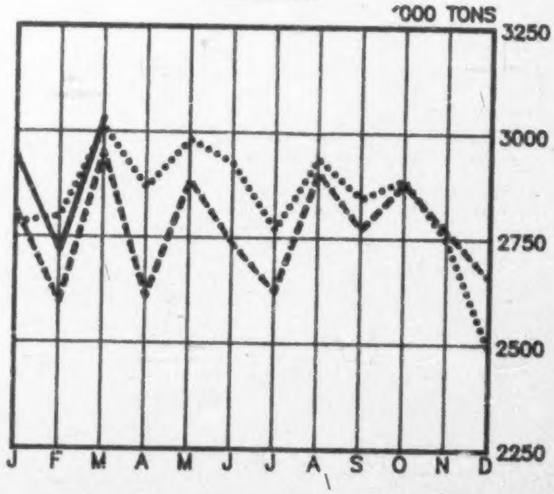
NEWSPRINT
PRODUCTION



TOTAL PAPER
PRODUCTION



TOTAL PAPERBOARD
PRODUCTION



1984 ········· 1985 ------1986 ———

FIBROUS RAW MATERIALS
(Thousands of Standard (128 cubic foot) Cords)

PULPWOOD		YEAR 1984	YEAR 1985	NOV. 1985	DEC. 1985	JAN. 1986	FEB. 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Total U.S.	- Total Receipts	88876	85503	6914	6861	8088	7483	93426	7.0
	- Total Consumpt	87646	85744	7112	6907	7880	7261	90846	5.2
	- Residues *	32072	30447	2488	2303	2842	2668	33060	14.0
	- Inventories	5574	5046	5062	5046	5491	5807	5807	6.5
So. Atlantic	- Total Receipts	27654	27589	2322	2325	2665	2393	30348	8.4
	- Total Consumpt	27344	27815	2406	2314	2544	2350	29364	6.5
	- Residues *	8198	7970	711	685	838	772	9660	20.3
	- Inventories	1444	1117	1099	1117	1224	1210	1210	-16.6
Northeast	- Total Receipts	7665	7430	606	621	656	665	7926	-5.5
	- Total Consumpt	7474	7394	604	599	666	601	7602	-3.3
	- Residues *	1501	1539	148	104	110	111	1326	-9.4
	- Inventories	590	544	505	544	500	560	560	-15.7
South Central	- Total Receipts	30693	29786	2417	2388	2891	2596	32922	13.0
	- Total Consumpt	30502	29914	2378	2392	2787	2546	31998	6.4
	- Residues *	9059	9207	747	704	860	764	9744	8.6
	- Inventories	1304	1198	1192	1198	1339	1418	1418	38.7
North Central	- Total Receipts	6872	6430	484	490	620	616	7416	-4.4
	- Total Consumpt	6563	6296	523	506	555	533	6528	2.7
	- Residues *	1472	1290	94	76	97	94	1146	-16.2
	- Inventories	906	884	896	884	976	1061	1061	-0.3
West	- Total Receipts	15992	14264	1081	1037	1256	1213	14814	5.7
	- Total Consumpt	15763	14325	1201	1096	1328	1231	15354	5.7
	- Residues *	11842	10458	805	734	937	927	11184	22:1
	- Inventories	1330	1303	1370	1303	1452	1558	1558	24.3

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 28-Apr-86

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	JAN. 1986 Tons	JAN. 1986 $000's	FEB. 1986 Tons	FEB. 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	128	12	3784	383	23472	-74.1
Pulpwood chips	788486	21955	68707	1509	60243	1491	773700	-33.9
Wood Pulp, Total	4020736	1385871	224802	106824	310338	58195	3210840	-18.6
Waste Fibrous Materials, Total	144564	26371	13383	2551	14213	2908	165580	18.3
Paper, Board & Products, Total	9734523	4306694	783464	352555	839963	373842	9740563	6.8
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	774358	339340	830910	357026	9631607	6.3
Paper, Paperboard & Products	9380235	4215314	766931	347512	819611	367531	9519249	8.0
Paper & Paperboard, Only	9286488	4073606	757825	334297	810558	350716	9410293	7.5
Paper, Total	9132128	4030872	745285	330946	792432	345879	9226301	7.2
Newsprint	8117986	3496944	659043	287297	705927	302071	8189820	6.7
Printing, Writing & Rel. Pap.	841500	435561	68093	34822	69664	35570	826540	5.4
Pack. & Ind. Conv. Paper	124100	64640	14974	6572	13669	5746	171858	73.8
Special Industrial Paper	3463	5393	258	384	525	823	4699	111.5
Tissue Paper	45081	28334	2917	1872	2647	1669	33385	-28.7
Paperboard, Total	154360	42734	12539	3351	18126	4837	183992	30.6
Convtd Paper&Paperbd Products	93747	141708	9106	13215	9053	16816	108956	67.0
Wet Machine Board	2184	1481	129	82	267	185	2380	149.9
Construction Paper & Board	352104	89898	16404	4961	20085	6126	218934	-28.7

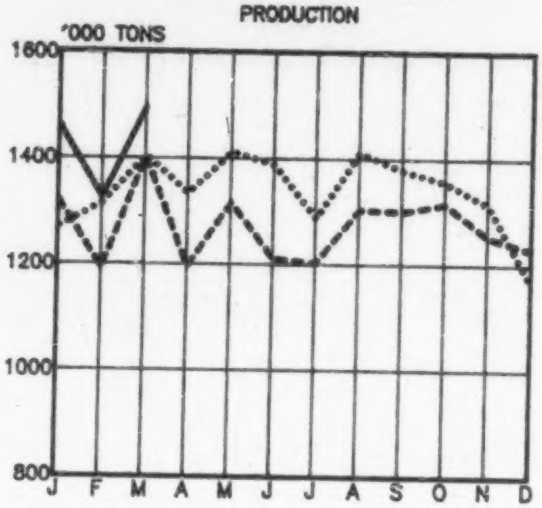
EXPORTS TO CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	JAN. 1986 Tons	JAN. 1986 $000's	FEB. 1986 Tons	FEB. 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	364	20	985	50	3094	-65.2
Pulpwood chips	82626	4780	416	20	1987	150	14418	-67.9
Wood Pulp, Total	203934	79541	27802	8059	23517	6846	307914	36.7
Cotton Pulp & Other Pulp	15083	6252	830	356	3597	1069	26562	32.3
Waste Paper	209087	23249	18227	1840	11681	1203	179448	-25.7
Paper, Board & Products, Total	736140	485290	83493	46169	74239	38306	946391	32.9
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	67270	30224	61829	25810	774595	40.6
Paper, Paperboard & Products	710785	473839	80892	44947	72122	37351	918083	33.5
Paper & Paperboard, Only	554413	322162	64669	29001	59713	24855	746287	41.7
Paper, Total	271754	223971	27559	19434	24527	16663	312516	8.5
Newsprint	3757	3276	289	244	173	142	2767	-16.1
Printing, Writing & Rel. Pap.	133800	118625	11393	9971	9257	8093	123898	-18.9
Pack. & Ind. Conv. Paper	41327	23536	3121	1925	2260	1473	32285	-44.3
Special Industrial Paper	90071	74893	12561	6946	12614	6583	151047	110.8
Tissue Paper	2799	3641	196	347	224	372	2519	9.2
Paperboard, Total	282658	98191	37109	9568	35186	8193	433771	81.8
Convtd Paper&Paperbd Products	156372	151676	16223	15946	12409	12496	171796	6.6
Wet Machine Board	5786	4243	524	290	406	310	5575	-6.3
Construction Paper & Board	19570	7209	2078	933	1711	645	22732	24.6

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 28-Apr-86

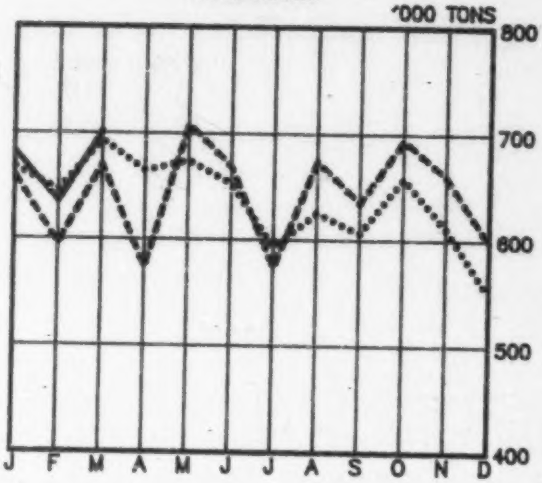
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



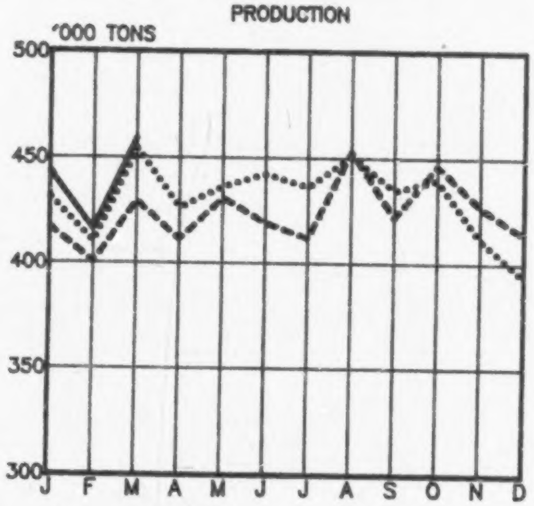
RECYCLED PAPERBOARD

PRODUCTION



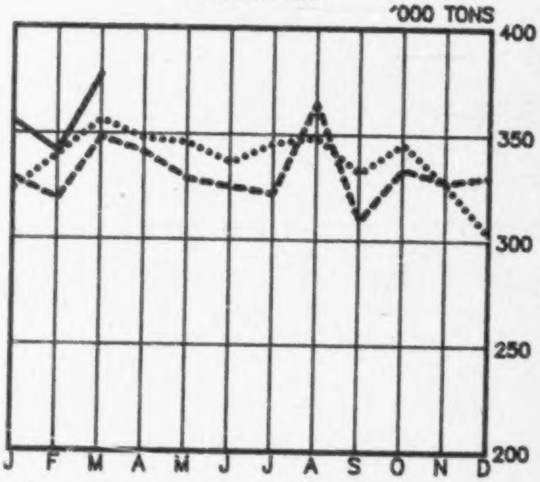
SEMICHEMICAL PAPERBOARD

PRODUCTION



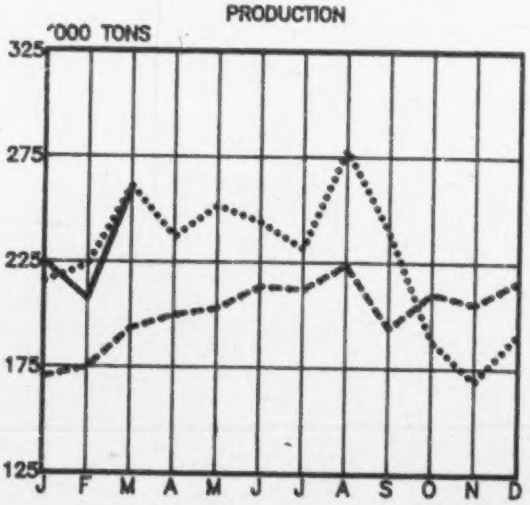
SOLID BLEACHED PAPERBOARD

PRODUCTION



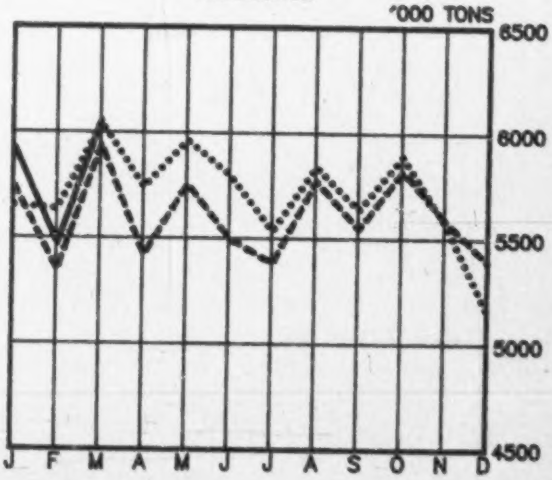
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ········ 1985 -------1986 ————

PULP PAPER AND PAPERBOARD IMPORTS AND EXPORTS DATA

IMPORTS

	YEAR 1985 Tons	1985 $000	1986 JAN. Tons	1986 JAN. $000	1986 FEB. Tons	1986 FEB. $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood Roundwood (cords)	31755	2606	128	12	3784	383	23472	-74.2
Pulpwood Chips	789382	22006	68768	1517	60349	1502	774702	-33.8
Total All Imports	10156209	7255817	1355994	603168	1338964	602856	16169747	6.0
Wood Pulp Total	4465746	1520907	382812	121200	334518	104981	4303980	3.5
Waste Paper	87413	10160	6425	708	7015	872	80640	7.1
Other Fibrous Materials	81430	26949	8953	2679	8516	2829	104812	23.6
Paper Board & Products Total	11521619	5697802	957804	478581	988915	494174	11680316	6.8
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	933259	422556	961021	434621	11365680	6.1
Paper Ppbd & Prds ex Cnst&WMB	11105154	5586077	936398	472200	962772	486104	11395017	7.7
Paper & Paperboard Only	10821629	4962757	911853	416175	934878	426551	11080381	7.1
Paper Total	10637428	4906882	896318	411465	915114	420714	10868590	6.9
Newsprint	8496568	3638716	708422	303401	721506	308260	8579568	7.8
Printing & Writing	1912867	1116225	159670	91441	168069	97314	1966437	-2.1
Uncoated Groundwood	1027211	530619	71438	35284	89572	48063	966061	-10.2
Coated Print.& Impreg. Pap.	496072	363855	39348	29516	38010	26823	464146	-24.0
Uncoated Free Sheet	364848	198432	46087	24332	35786	19385	491233	62.9
Uncoated Book	200927	106586	23466	12551	16359	9628	238954	57.2
Writing and Similar Paper	163921	91846	22620	11780	19426	9758	252278	68.6
Thin (except Cigarette)	23712	22276	2780	2292	4659	2984	44633	128.2
Bristols	1024	1043	18	18	43	59	365	-67.6
Total Pkg & Other Paper	172003	116390	20726	12016	20395	11754	246730	69.7
Unbleached Kraft Paper	63604	23976	7548	2505	7537	2865	90506	119.9
Other Pkg. & Indust. Paper	108398	92414	13179	9511	12859	8889	156224	49.9
Tissue	55991	35551	7500	4607	5143	3386	75854	50.8
Paperboard, Total	184201	55875	15535	4709	19764	5836	211792	17.5
Test or Containerboard	50975	16848	4193	1190	6306	2006	62993	35.5
Semi-Chemical Corrugating	65203	13706	4657	1016	7129	1392	70718	27.6
Other Paperboard	68023	25321	6685	2503	6329	2439	78080	-0.3
Convtd Paper&Paperbd Products	283525	623320	24545	56025	27894	59554	314636	37.4
Paper Products, Total	258934	572316	22537	51775	25866	55386	290414	40.3
Paperboard Products, Total	24592	51004	2009	4251	2028	4167	24222	10.5
Wet machine Board	3270	2585	172	124	292	212	2784	16.0
Construction Paper & Board	413196	109140	21234	6258	25852	7858	282515	-21.3
Notes								
Other: No Weight Avail. ($000)		228219		17777		13895	190027	2.0
Total Imports Incl. Other($000)		7484036		620945		616751	16359775	2.1

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	51765	3037	2263	142	985	50	19488	-16.2
Pulpwood Chips	2116137	168814	188543	13739	140531	10563	1974444	-8.3
Total All Exports	11261281	4042068	1051043	346506	1000487	338673	12309182	19.4
Wood Pulp,Total	3791102	1352708	367536	121227	341928	114581	4256784	35.5
Cotton Pulp and Other Pulp	107224	71802	8256	4753	25720	9087	203856	103.6
Waste and Old Paper	3285926	349258	304157	30109	276585	27656	3484452	7.8
Paper, Board & Products,Total	4077029	2268300	371094	190416	356254	187348	4364090	13.7
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3586119	1588157	326449	133508	315237	130736	3850112	16.7
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	361625	184890	348946	183380	4263427	13.2
Paper & Paperboard, Only	3517311	1548451	316980	127982	307929	126768	3749449	16.2
Paper, Total	779000	594338	62011	47921	73913	51023	815545	-2.7
Newsprint	314385	131379	20720	9752	29700	14371	302516	-13.4
Printing & Writing	202826	201845	16961	17237	16254	14912	199288	-10.1
Uncoated Groundwood	36779	31727	2961	2393	4365	2646	43955	10.8
Clay Coated Paper	82461	65710	8019	5983	6302	4738	85927	8.3
Uncoated Free Sheet	64573	77929	4708	6461	4336	5549	54264	-35.4
Other Printing & Writing	19013	26479	1273	2401	1251	1978	15142	-18.1
Total Pkg. & Other Paper	243671	242909	23297	19639	27038	20466	302009	19.4
Unbleached Kraft	67695	29931	4454	1797	6459	3083	65475	-19.7
Other Pkg. & Indust. Paper	175976	212978	18843	17842	20560	17383	236534	38.0
Tissue	18118	18205	1034	1293	922	1275	11732	-19.6
Paperboard, Total	2738310	954113	254969	80061	234015	75745	2933904	22.8
Solid Wood Pulp	2492746	872281	223912	72280	204023	68658	2567609	19.3
Total Linerboard	1807151	480909	163149	40148	147646	38776	1864766	21.5
Bleached Kraft Linerboard	130359	45687	7201	2322	15468	4564	136011	3.2
Unbleached Kraft Linerbd	1676791	435222	155948	37826	132178	34212	1728755	23.2
Other Unbleached Kraft	100651	41053	10944	4019	14544	4433	152926	135.3
Other Bleached Kraft	523091	335026	39558	25708	38946	24695	471026	-7.1
Semi-Chemical Corrugating	61853	15293	10261	2406	2887	755	78892	74.5
Recycled Paperboard	245564	81833	31057	7780	29992	7087	366295	54.3
Convtd Paper&Paperbd Products	490910	680143	44646	56908	41018	56612	513978	-4.6
Paper Products, Total	237191	464174	19369	36914	19140	39446	231050	-8.8
Paperboard Products, Total	253719	215970	25277	19994	21878	17166	282928	-0.9
Wet Machine Board	13380	6930	1750	611	1011	459	16568	26.0
Construction Paper & Board E	55429	32776	7719	4916	6297	3509	84095	41.3
Notes								
Other: No Weight Avail. ($000)		6618		682		680	8169	23.2
Total Exports Incl. Other($000)		4048687		347187		339352	12317351	2.7

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1984	1985	DEC. 1985	JAN. 1986	FEB. 1986	MAR. 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.2	287.9	287.9	287.9	289.0	288.3	-2.9
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.6	294.6	290.6	290.6	290.5	291.5	290.9	-2.6
Total Wood Pulp	395.0	347.2	332.0	331.3	330.2	335.0	332.2	-9.9
Total Paper	303.2	303.6	301.2	301.0	301.4	301.5	301.3	-1.3
Total Paper, exc. Newsprint	301.2	298.8	295.5	295.1	295.6	295.5	295.4	-1.7
Newsprint	324.1	332.9	330.2	324.1	324.8	324.3	324.4	-2.8
Total Paperboard	280.6	275.5	264.6	264.1	262.7	266.1	264.3	-8.1
Total Paper and Paperboard *	296.1	294.8	289.7	289.4	289.3	290.4	289.7	-3.3
Converted Products	280.7	288.1	285.7	285.8	285.7	286.4	286.0	-1.4
Waste Paper	240.1	148.8	126.6	129.1	136.9	139.5	135.2	-26.8
All Commodities	310.4	308.9	310.2	309.0	304.7	300.3	304.7	-1.5
Industrial Commodities	322.6	324.0	325.2	324.0	319.4	314.0	319.1	-1.1

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

equal to the average for 1985. Imports for the first two months were down 10.2% from a year ago at an rate of 966,000 tons per year. Exports have already started to gain on last year however; data for the first two months show advances of 10.2% over previous levels.

Tissue paper continues to gain on its 1985 high. Data through March show production at a seasonally adjusted annual rate of 4.9 million tons per year, which matches the year's total for 1985 and is 1.1% over the total in the first three months of last year. Data through February show imports, primarily from Canada, at 50.8% above year-ago levels; exports were down nearly 20%. However, these changes reflect relatively small tonnages. In 1985, about 1% of a total new supply of nearly 5.0 million tons came from imports and only 0.4% of 4.9 million tons of domestic production was exported.

The decline in demand for packaging and other papers eased from the levels of the beginning of the year. Production for the first quarter of 1986 was 4.1% below the first quarter of last year compared with a loss of 6.2% in January. Unbleached kraft papers dropped a little more than the total, with a loss of 4.5%, but the seasonally adjusted annual rate for the first three months was only 2.6% behind the seasonally adjusted total for all of 1985.

Paperboard Production:

As indicated above, paperboard production moved to a new monthly record this month, annualizing to a rate of 34.6 million tons per year. On a seasonally adjusted basis, the first quarter was down 1.2% from the last quarter of 1985, but up 4.0% over the first quarter of last year and also 4.0% above the seasonally adjusted total for 1985 as a whole.

Continued on Page 11

Production of all four major grades was up from a year ago, bolstered by a resurgence in production for export across the board. Total production for export in the first quarter, as shown in the table on Page 3, gained 28.4% over the same three months of last year, reflecting significant gains in virtually all the paperboard export markets. Most notably, the important unbleached kraft linerboard grade posted an advance of 35.6% in production for export and a 2.0% gain in overall production.

Production of containerboard for domestic use, which accounted for more than 60% of total paperboard production in 1985, was 0.1% down from its year-ago level, compared with a 2.4% gain in shipments of fibre boxes through March as reported by the Fibre Box Association. Production of boxboard for domestic use was somewhat stronger at 4.4% above the first quarter of last year, reflecting strong gains in milk carton and plate, dish and tray stock.

Solid bleached paperboard jumped 8.1% over the first quarter of 1985 and on a seasonally adjusted annual basis, the total in the first three months of this year was 5.2% above the total for 1985 as a whole. Recycled and semi-chemical paperboard showed advances of 4.9% and 5.8% respectively, with production for export of the two grades climbing 80.6% and 19%.

WOOD PULP

Shipments of chemical paper grade market wood pulp in March 1986 continued along the strong trend established in the first two months of the year. The March total of 548,000 short tons was only slightly below the 557,000 tons established in January 1986 and 9.5% above its year-ago level. Prior to January 1986, the highest level of shipments was the 509,000 tons shipped in march 1984.

The high shipments totals generated in all three months of the first quarter brought the total to 1,621,000 tons, also a new high, 20% above its year-ago level and 12.5% above the previous high established in the first quarter of 1984.

These record high rates of shipments reflect strength in both the domestic and exports markets. Shipments to the domestic market faltered in 1985, falling 2.5% from the 1984 total. Shipments to the domestic markets in the first three months of 1986 were at a rate of 2.63 million tons per year, 4.4% above their year-earlier total, but still below the 1984 pace. Despite activity in the major wood pulp markets -- printing papers and tissue papers, for example, are showing strength, as noted earlier in this report -- there has been some increase in inventories of purchased pulp held by U.S. consumers: data for the first two months of this year show a gain of 40,000 tons from the end of 1985 to the end of February 1986.

The gain in exports of these grades of wood pulp was far greater than that of shipments to the domestic market: the first

Continued on Page 12

quarter 1986 total ran at the rate of 3.86 million tons per year -- 32% above its year-earlier rate. However, where the major strength in exports in 1985 was in shipments to markets other than the U.K. and Western Europe, in the first quarter of this year shipments to the U.K. and Western Europe were 28% over their year-earlier level, reflecting in part the decline in the value of the dollar relative to the currencies of the Nordic countries. Shipments to Japan and the total to all other countries were also well above year-ago levels, continuing the pattern noted in 1985.

CAPITAL EXPENDITURES

Newly released data from the Department of Commerce indicates that paper and allied products companies will raise their expenditures on new plant and equipment to record-high levels in 1986. According to this report, these companies will spend $8.85 billion this year, 3.8% above the previous high of $8.53 billion spent in 1985 and some 23% above the 1984 total.

Most of this money is apparently being spent on improvements and modernization of existing plant and equipment in line with the industry's cost containment programs.

Capacity increases alone probably account for no more than one-third of the industry's total expenditures on new plant and equipment, with the remainder going for various types of productivity-improving equipment.

Newly-released data by the Conference Board on capital appropriations by those paper and allied product companies included in the 1,000 largest U.S. corporations, while as ebullient as the Commerce data, confirm that increases are possible. The Conference Board's data show that capital appropriations (net of cancellations) by these companies in 1986 were equivalent to 60% of their capital expenditures, resulting in a 27% decline in the backlog of unspent appropriations. However, these companies have increased the pace of their spending, so that their actual 1985 expenditures need only to remain at the level attained in the last half of 1985 for the 1986 total to rise to a new high; the unspent appropriations backlog and the current relationship between appropriations and expenditures will support this increase.

SALES AND EARNINGS

Net sales of 30 paper and allied products paper companies, accounting for about 60% of the industry total, were 2.1% above the year-ago level. This compares, however, with the 2.5% increase in total production of paper and paperboard noted for the same period, indicating a decline in net realizations per ton of output. This decline resulted in a decline in net income after taxes: the total for these companies fell by 19% from its year ago level in the first quarter of this year. As a result, the sales margin declined from last year's first quarter ratio of 4.7% to 3.7% in the first quarter of 1986.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

April 30, 1986

PRODUCTION (000 TONS)

	Mar.	Feb.	Mar.	Jan. -	Mar.	% Change
	86	86	85	86 -	85	86/85
PAPER GRADES						
Newsprint	491	434	489	1388	1404	-1.2
Printing & Writing	1655	1522	1615	4831	4683	3.2
Uncoated Groundwood (s)	123	114	129	365	374	-2.4
Coated Paper (s)	525	489	540	1535	1602	-4.2
Uncoated Free Sheet Paper (s)	889	808	830	2586	2375	8.9
Thin Paper (s)	27	28	24	78	66	17.0
Cotton Fiber Paper (s)	14	12	13	39	36	7.8
Bleached Bristols (s)	67	71	80	218	229	-4.8
Tissue Paper	431	391	428	1249	1236	1.1
Total Pkg & Other Paper	446	405	454	1286	1341	-4.1
Unbleached Kraft Packaging & Indl. Converting (s)	293	263	295	847	887	-4.5
Other Paper *	152	142	160	439	454	-3.2
TOTAL PAPER	3022	2751	2986	8754	8664	1.0
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1497	1325	1506	4282	4197	2.0
Unbleached Kraft Linerboard	1380	1223	1403	3957	3914	1.1
Other Unbl. Kraft Paperboard	116	102	103	326	283	14.9
Semichemical Paperboard	459	416	430	1319	1247	5.8
Bleached Paperboard	378	341	348	1073	993	8.1
Recycled Paperboard	701	634	670	2016	1922	4.9
TOTAL PAPERBOARD	3035	2715	2953	8690	8358	4.0
TOTAL PAPER AND PAPERBOARD	6057	5466	5939	17443	17023	2.5

WOOD PULP (ALL GRADES)	Feb.	Jan.	Feb.	Jan. -	Feb.	% Change
	86	86	85	86 -	85	85/84
Dissolving & Special Alpha	95	107	118	201	204	-1.2
Bleached Sulfite	111	121	102	231	222	4.0
Unbleached Sulfite	13	15	18	28	36	-22.6
Bleached & Semi-Bl. Sulfate	1893	2029	1820	3922	3752	4.5
Unbleached Sulfate	1561	1767	1563	3327	3214	3.5
Semichemical	311	346	325	657	662	-0.8
Groundwood & Thermomechanical	424	463	431	887	877	1.1
TOTAL PULP DIVISION DATA	4407	4846	4375	9254	8967	3.2

(s) - Shipments
P - Preliminary

R - Revised

APRIL 30, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1984	1985	Jan	Feb	Mar	1986	
Total Production (API).......: excluding :...	68449	67176	5920	5466	6057	69774	2.5
Total Seasonally Adjusted....:construction:...			5877	5735	5739	69405	2.5
Imports (including Products).: and wet :...E	10576	11106	936	963	N.A.	11497	2.3
Exports (including Products).: machine :...E	4309	4009	362	349	N.A.	4262	8.4
Apparent Consumption.........: grades :...	74715 a	74273 b	6452	6349	6359	76639 c	2.2
Paper Production % Tonnage Capacity...........	93.4 g	89.7 g	91.2	93.1	92.4	92.8 gh	-
Paperboard Production % Tonnage Capacity......	94.8 g	90.1 g	91.7	93.8	94.5	93.6 g	-
			Dec	Jan	Feb		
IMPORTS.....:Including Construction and :...	11075	11521	911	958	989	11680	-33.1
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	339	371	356	4364	-27.3
			Dec	Jan	Feb		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6898	6800	554	622	589	7270	3.8
TOTAL WOOD PULP PRODUCTION - Tons (000).........	55470	54170	4385	4846	4407	55521	3.2
WOOD PULP IMPORTS - TONS (000)..................	4490	4466	339	383	335	4304	3.5
WOOD PULP EXPORTS - TONS (000)..................	3594	3791	295	368	342	4257	35.5
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			Dec	Jan	Feb		
Wood Pulp............:consumption for:.....	54562	53297	4332	4715	4277	53954	3.0
Waste Paper..........:construction & :.....	15926	15290	1207	1542	1417	17750	14.8
TOTAL..........: WMB grades :.....	70488	68588	5538	6257	5694	71704	5.7
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	6907	7880	7261	90846	5.2
EMPLOYMENT (000)			Jan	Feb	Mar		
Paper and Allied Products..........Total......	682.3	683.3	685.3	682.8	685.3	683.8	0.7
Pulp, Paper and Board Mills........Total.....E	263.9	257.7	255.2	254.3	255.0	254.9	-2.4
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	10.44	10.82	11.05	11.00	11.06	11.03	3.4
Pulp, Paper Mills.........................E	12.45	13.11	13.38	13.30	13.35	13.33	4.1
Paperboard Mills..........................E	12.99	13.60	14.08	13.90	13.80	13.85	4.5
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q3	1985 Q4	1986 Q1		-
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.53	8.64	9.60	8.46	8.85y	3.8
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			Jan	Feb	Mar		
:IN PULP, PAPER :...Production Workers..........	125.5	125.9	131.6	129.2	129.2	130.0	2.6
:AND BOARD MILLS:...All Employees...............	123.9	124.9	131.6	129.1	129.0	129.9	4.1
PAPER AND ALLIED PRODUCTS (Million $)			Dec	Jan	Feb		
Industry Shipments (Dept. of Commerce)*........	95990	97664	8390	8687	8637	154476	6.0
Pulp, Paper and Paperboard*..................	41539	41830	3574	3688	3617	65364	3.5
Inventories (End of Period) - Total Industry*..	9701	9728	9728	9806	9725	9799	-0.8
Pulp, Paper and Paperboard*..................	3662	3800	3800	3939	3937	3933	4.2
			1985 Q2	1985 Q3	1985 Q4		
Sales (Corporations Only)......................	71891	71761	18262	17939	17763	N.A.	N.A.
Earnings (Corporations Only)...................	3015	2891	874	601	698	"	"
Depreciation (Corporations Only)...............	2798	3107	761	804	777	"	"
Net Worth (Corporations Only)..................	28160	29780	29797	29647	29780	"	"
PRICE INDEXES (Bureau of Labor Stats)1967=100			Jan	Feb	Mar		
Pulp, Paper & Products, ex. Building Grades....	292.9	292.2	287.9	287.9	289.0	288.3	-2.9
Wood Pulp......................................	395.0	347.2	331.3	330.2	335.0	332.2	-9.9
Waste Paper....................................	240.1	148.8	129.1	136.9	139.5	135.2	-26.8
Paper..	303.2	303.6	301.0	301.4	301.5	301.3	-1.3
Paperboard.....................................	280.6	275.5	264.1	262.7	262.7	263.2	-8.5
PAPER DEMAND (INDEXED: 1977=100)			Jan	Feb	Mar		
Total Paper Production *......................	124.1	122.9	127.5	124.4	124.8	125.6	1.0
Paper New Supply *...........................	127.7	128.7	132.9	130.8	131.3	131.7	1.4
Demand Indicators - (Weighted Average) *.....	136.7	142.1	145.1	144.9	145.3	145.1	4.3
Production of Nondurable Goods *...(21.2%).	122.5	125.5	129.0	128.7	128.9	128.9	4.2
Disposable Income ....*.(23.9%)	124.0	126.8	128.3	128.9	129.2	128.8	2.8
Total Printing and Publishing *...(54.9%).	147.8	155.1	158.7	158.2	158.7	158.5	4.9
Trend Factor	---------	---------	---------	Not Available	---------	---------	---------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *................	117.4	115.0	121.6	118.7	118.5	119.6	4.0
Production for Domestic Use	115.2	113.8	119.9	117.5	115.0	117.4	2.3
Demand Indicators - (Weighted Average) *.....	118.3	120.3	122.4	122.2	121.7	122.1	2.2
Production of Consumer Goods *...(62.06%)	118.2	120.7	123.6	123.5	122.7	123.3	3.4
Production of Equipment *...(5.75%)	140.5	147.1	146.7	145.7	144.2	145.5	.0
Production of Materials *...(32.19%)	114.6	114.7	115.9	115.4	115.6	115.6	0.2
Trend Factor	---------	---------	---------	Not Available	---------	---------	---------
NEWSPRINT MARKETS			Dec	Jan	Feb		
Consumption by Publishers - Tons (000).........	12612	12774	1120	1014	966	11880	3.8
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	463.8	459.7	459.7	2758	2.5
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)...........	157798	152825	13697	9595	11852	128683	-0.4
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	31635	2944	3226	2895	36726	12.4
Inventories (End of Period).	2724	3155	3155	3116	3115	3115	7.9
FIBRE BOX DATA (Fibre Box Association)			Jan	Feb	Mar		
Fibre Box Shipments (Million square feet).......	267549	267451	24550	21714	22567	275324	4.7
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2502	2489	2495	2495	-17.4
RETAIL TRADE (Million $)			Jan	Feb	Mar		
Total Retail Sales *..........................	1291835	1378161	117364	117454	116556	1405496	4.9
Nondurable Goods Stores Sales *..............	841417	866541	73073	73754	73461	881152	3.7
GENERAL ECONOMIC DATA			Jan	Feb	Mar		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.5	126.6	125.7	125.1	125.8	1.6
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.4	308.8	309.0	304.7	330.3	314.7	1.8
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	328.4	327.5	326.0	327.3	3.1
			Dec	Jan	Feb	-	
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	549.9	549.9	545.0	543.6	543.6	-1.1
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q3	1985 Q4	1986 Q1		
G.N.P. or Expenditure - Current $..............	3774.7	3988.6	4016.9	4059.3	4116.7	4116.7	5.1
G.N.P. or Expenditure - 1982 $.................	3492.0	3570.0	3584.1	3590.8	3619.2	3619.2	2.0

lb/capita Pap&Papbd	Othr	Totl	Popul(mil)
.a - 631 +	21 =	652	236.7
.b - 624 +	21 =	645	238.6
.c - 645 +	21 =	666	240.0e

.e - estimated by API

E - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.

A2500-2

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 5 MAY 1986

DEMAND REMAINS STRONG

Demand for paper and paperboard in April remained in the record-high range it reached in the first quarter of 1986. The trend position for April 1986 (the average of the seasonally adjusted annual rates for March and April) was at a rate of 68.4 million tons per year, above the comparable totals for the two preceding years and only 3.5% behind the all-time record trend position of 70.8 million tons per year reached in January of this year. The total paper and paperboard tonnage produced for the January-April period was 3.2% over production in the same period of 1985.

Paper: April brought no major changes to the trends that the various grades of paper have followed since the beginning of the year. Production of total printing and writing paper grades again showed gains compared with a year ago, with uncoated free sheet papers particularly strong. The tissue paper grades also showed consistent advances on 1985 levels with this month's production up 3.2%, the strongest comparison so far this year. Newsprint production climbed to 0.3% above the comparable 1985 figure after lagging behind by an ever-narrowing gap ranging from 1% to 2% for the past five months. On the downside, the packaging and industrial paper grades followed along their end-of-1985 track as well, losing further ground.

Newsprint production posted an annual rate of 5,511,000 tons in the first four months of 1986, somewhat higher than the 5,428,000 tons produced in 1985 and almost the same as the 5,539,000 tons in 1984. This gain reflected, in part, the strength in consumption by daily newspaper publishers, which accounts for about 77% of total consumption of these grades in the U.S. On a seasonally adjusted basis, shipments to these markets in the first quarter of 1986 were 1.7% above 1985 levels, continuing the brisk pace that began in December of last year. Imports, at 8.6 million tons per year, were only 1% over a year ago in the first quarter of 1986; however, exports, at a 311,000 tons per year rate, were off by 7.1%.

Production of uncoated groundwood was at an annual rate of 1,461,000 tons, 3.4% below the first four months of 1985 and 4.0% behind the total for the year. Unfilled orders rose and the

Continued on Page 2

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backlog at the end of April amounted to 1.03 months of supply, 19% higher than the backlog at the beginning of the year. Also on the positive side, imports in the first quarter dropped 13.8% from last year to 964,000 tons per year while exports gained more than 33%, rising to an annual rate of 52,000 tons.

Coated paper shipments have shown mixed trends, with orders above shipments in the first three months and below shipments in April. Shipments averaged 6.0 million tons per year for this entire period, 6.3% below the year-ago rate but about 1.4% above the total for all of 1985. The declining value of the dollar may be having some impact in this market: imports of these papers were 31% below their year-ago level in the first quarter of 1986, accounting for 7.2% of the new supply, compared to 7.9% for all of 1985.

Demand for uncoated free sheet papers remains strong, as reflected in both production and imports, up 7.6% and 54.3% over their respective year ago levels. At an annual rate of 484,000 tons, imports for the first quarter accounted for 4.6% of total consumption in the U.S., compared with 3.8% in all of 1985 and only 1.6% in 1980. At the same time, some of the upward pressure in the market has diminished. The backlog of unfilled orders is in the vicinity of 0.5 to 0.6 months of supply, edging down to 461,000 tons at the end of April 1986 from 474,000 at the end of 1985.

Shipments of unbleached kraft papers continued their lacklustre performance, losing 0.5% during the first four months of this year compared with the same level of a year ago, after a loss of 7.5% from 1984 to 1985. Displacement of kraft grocer's sacks and multi-walled sacks by film-based products probably contributed to these declines, although sluggish end-use markets for shipping sacks (particularly for agriculture-related areas) and a partial shift in the industry to downsized kraft grocer's sacks are also contributing factors.

PAPERBOARD: The 4.8% gain in total paperboard production was fairly well distributed among its various grades. On a seasonally adjusted basis, the first four months of 1986 posted an annual rate of 34.4 million tons per year, which is 3.6% above the total for 1985. These gains were fueled by increases in production for export throughout the grade structure.

Advances in production of the various grades were as follows: unbleached kraft paper board was up 4.2% over January-April of 1985, semi-chemical up 5%, and solid bleached and recycled paperboard gained 6.4 and 5.4% respectively.

Although shipments of corrugated shipping containers as reported by the Fibre Box Association for the January-April period were 6.0% over last year, production of containerboard for domestic

Continued on Page 11

PAPER AND PAPERBOARD STATISTICS

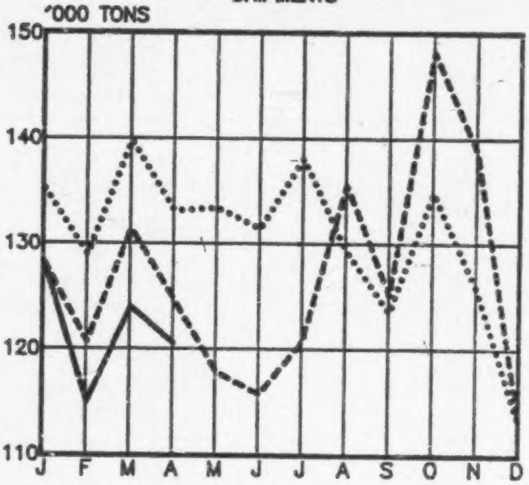
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR		JAN.	FEB.	MAR.	APR.	Annual Rate Y-T-D	% Change From same Period
	1984	1985	1986	1986	1986	1986	1986	Last Year
PAPER								
Newsprint - Production	5539	5428	463	434	489	451	5511	0.3
- Shipments	5584	5417	427	434	486	452	5393	-1.7
Printing & Writing sum	18395	18465	1658	1531	1669	1552	19231	2.1
Groundwood Paper - Shipments	1565	1519	128	115	124	120	1461	-3.4
- New Orders	1575	1480	142	114	125	129	1530	12.8
-Unfilled Orders	140	106	118	116	115	126	126	44.8
Coated Papers - Shipments	6249	5875	521	489	504	473	5957	-6.3
- New Orders	6281	5642	547	491	533	450	6061	3.9
- Unfilled Orders	575	393	400	401	426	409	409	-5.8
Unctd Free Sheet - Shipments	9207	9773	893	810	914	839	10367	7.6
- New Orders	8939	9727	890	830	892	829	10321	7.9
- Unfilled Orders	430	510	474	497	468	461	461	-7.0
Thin Papers - Shipments	267	241	23	28	27	21	296	12.8
Cotton Fiber Paper - Shipments	147	145	13	12	13	13	152	4.7
Bleached Bristols - Production	959	912	81	78	87	86	997	9.3
Tissue Paper - Production	4921	4941	428	391	431	433	5048	3.2
Total Packaging & Other Paper	5555	5210	436	405	446	443	5188	-1.0
Unbl. Kraft Paper - Shipments	3666	3410	290	263	293	293	3418	-0.5
Other Paper - Production	1889	1800	145	142	152	151	1770	-1.9
TOTAL PAPER-Production-Unadj. *	34409	34044	2985	2761	3034	2880	34977	1.5
-Production-S.A. *			2947	2883	2891	2846	34700	1.5
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25489	2259	2078	2285	2251	26618	4.7
Total Unbl. Kraft Paperboard	17185	16434	1461	1325	1469	1446	17104	4.2
Unbl. Kraft Linerboard (1)	16037	15242	1354	1223	1354	1334	15793	3.1
Production for Export	2086	1756	173	151	199	150	2022	27.6
Other Unbl. Kraft Paperboard	1149	1192	107	102	115	112	1311	19.6
Semichemical Paperboard	5169	5084	443	416	438	443	5222	5.0
Production for Export	149	189	18	13	15	15	183	16.8
Solid Bleached Paperboard	4048	3972	355	337	378	361	4292	6.4
Production for Export	478	459	31	41	44	49	496	7.8
Recycled Paperboard	7637	7701	681	637	675	681	8022	5.4
Production for Export	17	14	2	2	2	2	26	76.9
TOTAL PAPERBOARD-Prod.-Unadj. *	34039	33190	2940	2715	2960	2932	34640	4.8
- Containerboard Prod.(Dom. Use)	20993	20353	1784	1635	1734	1776	20787	1.7
- Boxboard Prod.(Dom. Use) (2)	5783	5750	503	485	536	504	6081	3.8
- All Other P'bd Prod.(D.U.) (2)	4531	4669	428	388	430	435	5045	11.2
- Total Paperbd Prod. for Export	2731	2417	225	207	260	217	2726	23.1
TOTAL PAPERBOARD PROD.- S.A. *			2934	2862	2788	2875	34381	4.9
TOTAL PAPER AND PAPERBOARD								
Production - actual *	68449	67234	5924	5476	5994	5812	69617	3.2
Production - S.A. *			5881	5745	5680	5721	69081	3.2

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.
* NOTE: Year 1984 contains one more day than year 1983 and 1985.

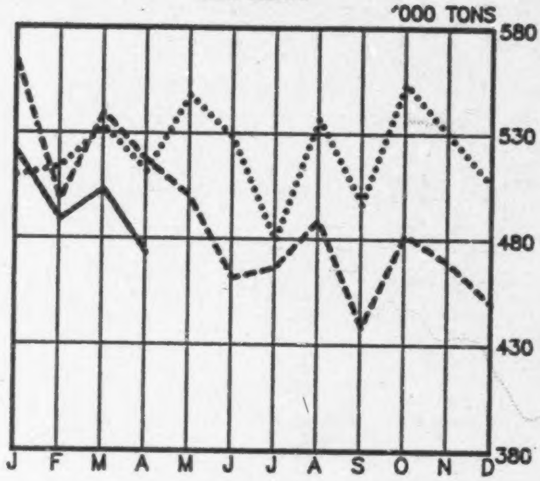
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



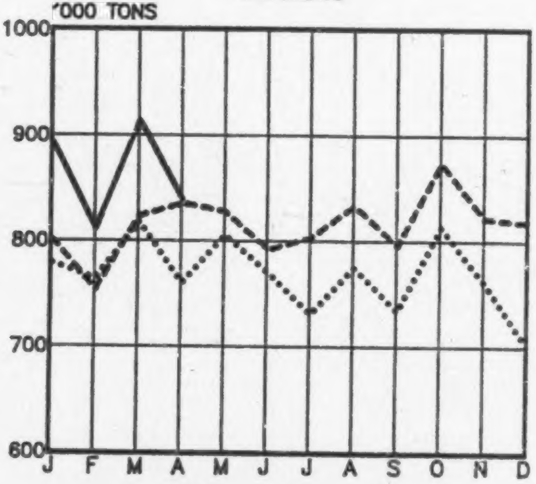
COATED PAPER

SHIPMENTS



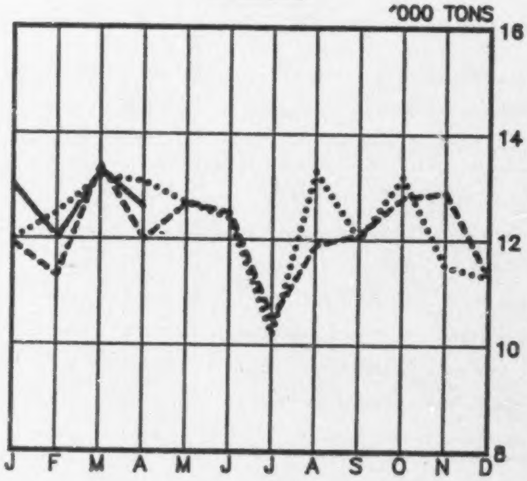
UNCOATED FREE SHEET PAPERS

SHIPMENTS



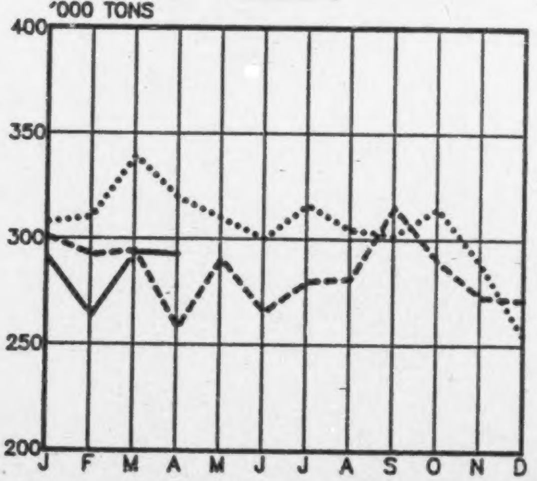
COTTON FIBER PAPER

SHIPMENTS



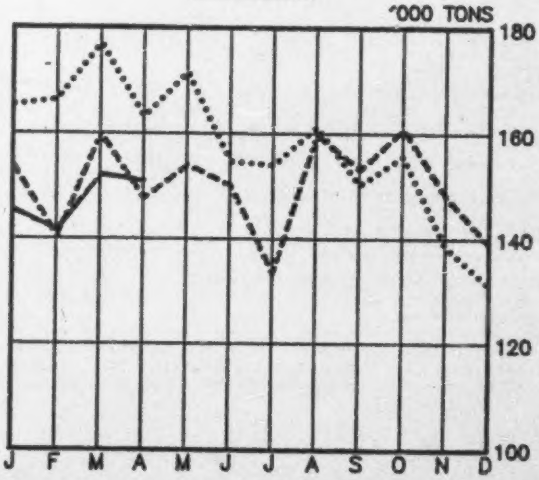
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 ········ 1985 ▬ ▬ ▬ ▬ 1986 ———

WOOD PULP STATISTICS
(Thousands of Tons)

		YEAR 1984	YEAR 1985	DEC 1985	JAN 1986	FEB 1986	MAR 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
TOTAL WOOD PULP						R	P		
Total Wood Pulp	- Production	55470	54170	4385	4846	4407	4856	56434	2.2
	- Imports	4490	4466	339	383	335	387	4416	-4.2
	- Exports	3594	3791	295	368	342	414	4493	21.8
	- New Supply	56367	54844	4429	4861	4399	4829	56357	0.3
Dissolving Pulp	- Production	1206	1174	93	107	95	109	1242	-3.6
	- Imports	161	175	11	31	13	22	261	33.2
	- Exports	595	631	42	55	48	57	641	-11.8
	- New Supply	772	718	62	82	60	74	862	13.7
Paper Grades Chemical Pulp	- Production	44690	43696	3555	3931	3576	3934	45763	2.9
	- Imports	4023	4104	324	348	317	361	4102	-2.2
	- Exports	2945	3131	250	310	288	340	3755	28.6
	- New Supply	45767	44668	3629	3968	3605	3954	46109	0.8
Groundwood and Thermo-Mech.	- Production	5506	5251	408	463	425	467	5419	-0.5
	- Imports	306	187	4	4	4	5	54	-75.5
	- Exports	54	29	3	2	6	16	98	126.3
	- New Supply	5758	5409	409	465	424	455	5376	-4.4
Semi-Chemical	- Production	4069	4050	328	346	311	346	4011	-0.8
	- Imports			- - - - -	Included in Groundwood Pulp			- - - - -	
	- Exports								
	- New Supply	4069	4050	328	346	311	346	4011	-0.8
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6898	6800	554	622	589	636	7388	3.9
	- Imports	2968	2791	217	246	221	270	2948	8.7
	- Exports	3511	3784	354	389	365	391	4579	29.0
	- New Supply	6355	5807	417	479	445	515	5757	-8.2
Dissolving Pulp	- Production	1205	1171	93	106	94	108	1232	-4.4
	- Imports	204	174	9	26	8	22	223	5.7
	- Exports	690	666	68	54	57	55	662	-0.4
	- New Supply	718	679	33	78	45	75	793	-5.0
Paper Grades Chemical Pulp	- Production	5680	5605	460	515	495	526	6146	5.8
	- Imports	2664	2531	206	217	210	244	2683	8.9
	- Exports	2821	3117	286	335	308	336	3918	35.8
	- New Supply	5523	5019	381	397	397	434	4911	-8.8
Groundwood Pulp and All Other	- Production	14	24	1	1	0	2	11	-25.0
	- Imports	100	86	3	3	3	4	42	11.6
	- Exports	1	1	0	0	0	0	0	0.0
	- New Supply	114	109	3	4	3	6	53	3.8

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

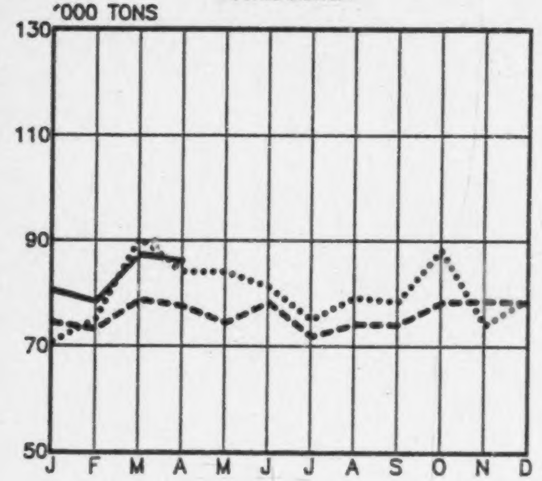
FIBROUS RAW MATERIALS
(Thousands of tons)

					R	P	-	
CONSUMPTION AT PAPER & PAPERBOARD MILLS								
Total	70488	68623	5538	6114	5564	6166	71375	2.5
Total Wood Pulp	54562	53297	4332	4715	4277	4751	54973	1.8
Waste Paper	15926	15290	1207	1399	1287	1415	16402	5.1
INVENTORIES								
Own Use Wood Pulp at Pulp Mills	174	164	164	165	157	143	143	-25.3
Mkt Pulp at Pulp Mills (Paper Grades)	585	486	486	444	422	372	372	-45.7
Mkt Pulp at Ppr. & Bd. Mills *	545	492	492	504	528	554	554	1.6
Waste Paper at Paper &Bd. Mills	1053	978	978	954	906	874	874	-10.3
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	30	26	25	20	20	-56.5

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

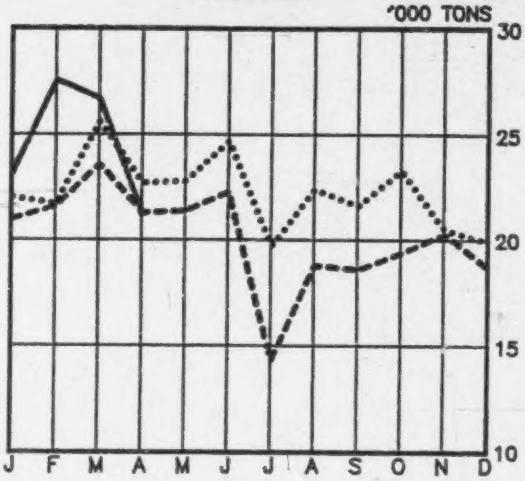
BLEACHED BRISTOLS

PRODUCTION



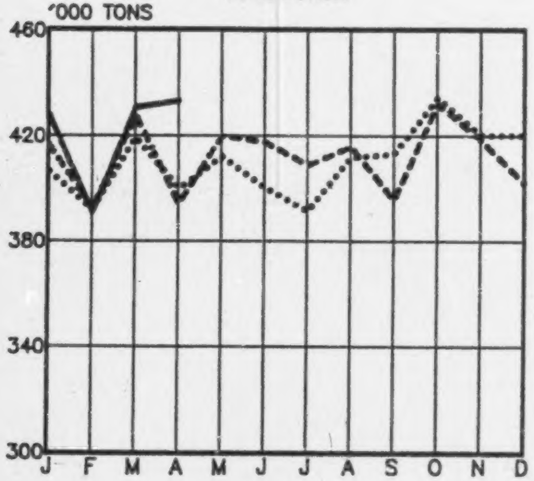
THIN PAPER

PRODUCTION



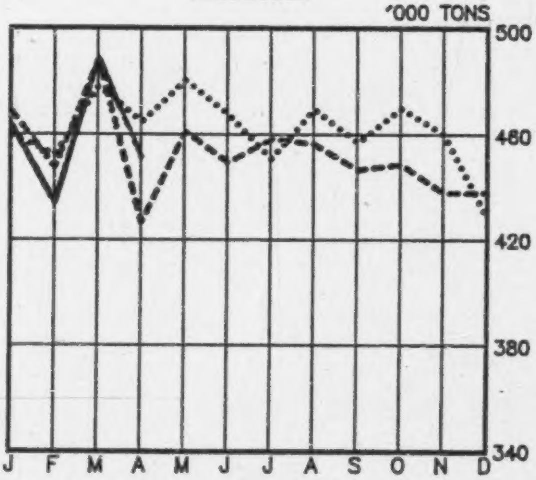
TISSUE PAPER

PRODUCTION



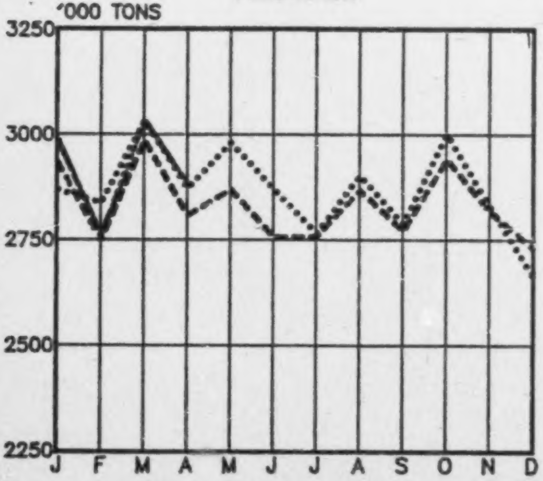
NEWSPRINT

PRODUCTION



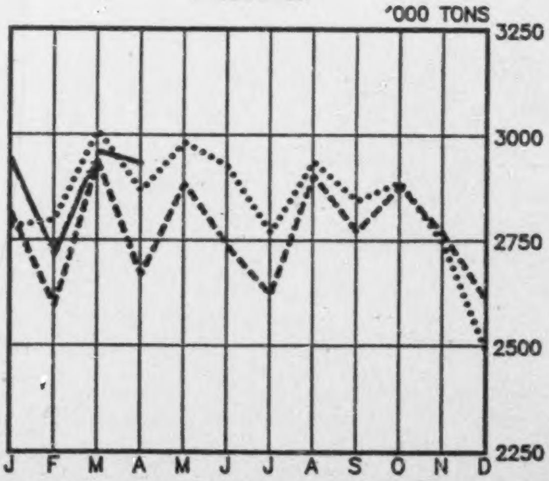
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1984 ········ 1985 – – – – –1986 ———

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1984	YEAR 1985	DEC. 1985	JAN. 1986	FEB. 1986	MAR. 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	88876	85503	6861	8088	7483	7294	91460	3.8
	- Total Consumpt	87646	85744	6907	7880	7261	7478	90476	2.6
	- Residues *	32072	30447	2303	2842	2668	2623	32532	8.6
	- Inventories	5574	5046	5046	5491	5807	5433	5433	3.4
So. Atlantic	- Total Receipts	27654	27589	2325	2665	2393	2410	29872	5.7
	- Total Consumpt	27344	27815	2314	2544	2350	2436	29320	3.2
	- Residues *	8198	7970	685	838	772	699	9236	13.7
	- Inventories	1444	1117	1117	1224	1210	1243	1243	-5.3
Northeast	- Total Receipts	7665	7430	621	656	665	625	7784	-5.3
	- Total Consumpt	7474	7394	599	666	601	635	7608	-4.4
	- Residues *	1501	1539	104	110	111	125	1384	-10.8
	- Inventories	590	544	544	500	560	540	540	-15.6
South Central	- Total Receipts	30693	29786	2388	2891	2596	2454	31764	4.5
	- Total Consumpt	30502	29914	2392	2787	2546	2572	31620	2.5
	- Residues *	9059	9207	704	860	764	763	9548	3.8
	- Inventories	1304	1198	1198	1339	1418	1279	1279	20.3
North Central	- Total Receipts	6872	6430	490	620	616	504	6960	-2.2
	- Total Consumpt	6563	6296	506	555	533	548	6544	2.1
	- Residues *	1472	1290	76	97	94	85	1104	-20.7
	- Inventories	906	884	884	976	1061	970	970	-4.8
West	- Total Receipts	15992	14264	1037	1256	1213	1301	15080	6.6
	- Total Consumpt	15763	14325	1096	1328	1231	1287	15384	5.6
	- Residues *	11842	10458	734	937	927	951	11260	16.3
	- Inventories	1330	1303	1303	1452	1558	1401	1401	14.6

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 23-May-86

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	FEB. 1986 Tons	FEB. 1986 $000's	MAR. 1986 Tons	MAR. 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	3784	383	356	35	17072	-72.0
Pulpwood chips	788486	21955	60243	1491	76924	2417	823496	-19.8
Wood Pulp, Total	4020736	1385871	310338	98195	349856	111300	3539984	-16.5
Waste Fibrous Materials, Total	144564	26371	14213	2908	13345	2481	163766	3.1
Paper, Board & Products, Total	9734523	4306694	839963	373842	826649	358060	9800304	1.1
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	830910	357026	816451	341081	9686876	0.7
Paper, Paperboard & Products	9380235	4215314	819611	367531	805061	351446	9566410	2.4
Paper & Paperboard, Only	9286488	4073606	810558	350716	794863	334466	9452982	2.0
Paper, Total	9132128	4030872	792432	345879	775653	329129	9253480	1.5
Newsprint	8117986	3496944	705927	302071	697846	288918	8251264	1.2
Printing, Writing & Rel. Pap.	841500	435561	69664	35570	62953	32238	802838	0.3
Pack. & Ind. Conv. Paper	124100	64640	13669	5746	11907	5786	162198	45.5
Special Industrial Paper	3463	5393	525	823	364	618	4587	31.4
Tissue Paper	45081	28334	2647	1669	2584	1569	32593	-35.9
Paperboard, Total	154360	42734	18126	4837	19210	5337	199503	33.7
Convtd Paper&Paperbd Products	93747	141708	9053	16816	10198	16980	113427	53.9
Wet Machine Board	2184	1481	267	185	177	126	2295	36.5
Construction Paper & Board	352104	89898	20085	6126	21411	6489	231599	-34.0

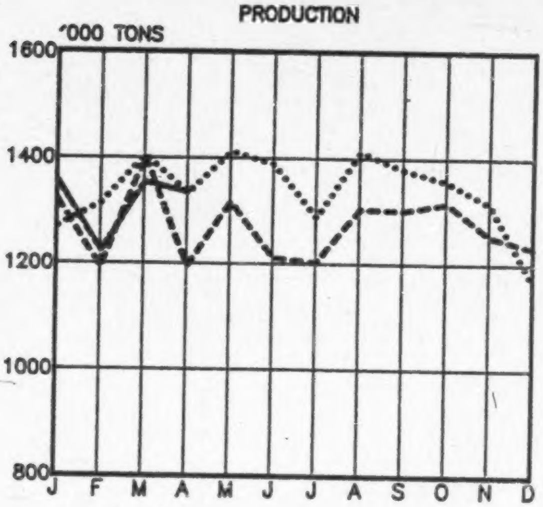
EXPORTS TO CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	FEB. 1986 Tons	FEB. 1986 $000's	MAR. 1986 Tons	MAR. 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	985	50	1884	110	12932	-24.3
Pulpwood chips	82626	4780	1987	150	14866	892	69076	61.6
Wood Pulp, Total	203934	79541	23517	6846	22680	6551	295996	24.8
Cotton Pulp & Other Pulp	15083	6252	3597	1069	2472	727	27596	76.7
Waste Paper	209087	23249	11681	1203	14087	1428	175980	-27.6
Paper, Board & Products, Total	736140	485290	74239	38306	81582	38054	957255	32.1
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	61829	25810	70280	26752	797514	42.6
Paper, Paperboard & Products	710785	473839	72122	37351	79534	37115	930190	33.1
Paper & Paperboard, Only	554413	322162	59713	24855	68231	25812	770450	44.4
Paper, Total	271754	223971	24527	16663	30495	17602	330324	6.1
Newsprint	3757	3276	173	142	144	139	2420	-22.8
Printing, Writing & Rel. Pap.	133800	118625	9257	8093	9725	8571	121497	-21.4
Pack. & Ind. Conv. Paper	41327	23536	3760	1473	2767	1685	32592	-39.6
Special Industrial Paper	90071	74893	12614	6583	17630	6860	171218	76.6
Tissue Paper	2799	3641	224	372	230	346	2598	-5.5
Paperboard, Total	282658	98191	35186	8193	37736	8211	440126	98.2
Convtd Paper&Paperbd Products	156372	151676	12409	12496	11302	11302	159740	-3.6
Wet Machine Board	5786	4243	406	310	639	408	6272	24.6
Construction Paper & Board	19570	7209	1711	645	1409	532	20792	0.2

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 23-May-86

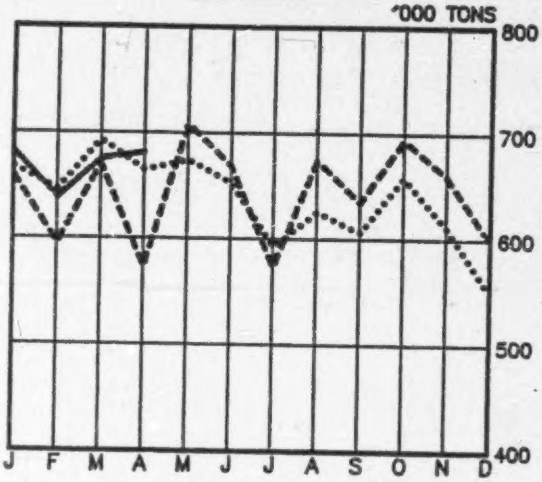
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



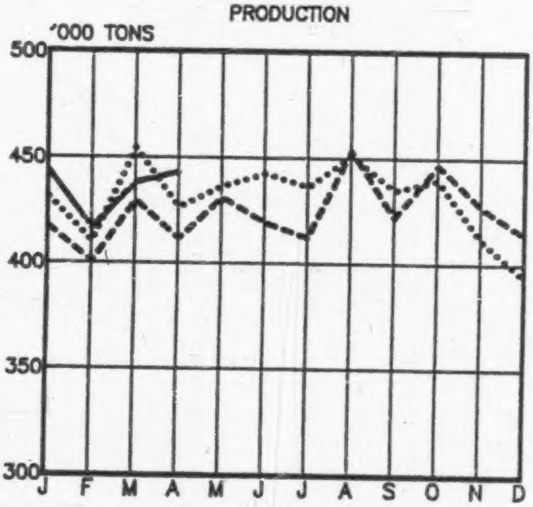
RECYCLED PAPERBOARD

PRODUCTION



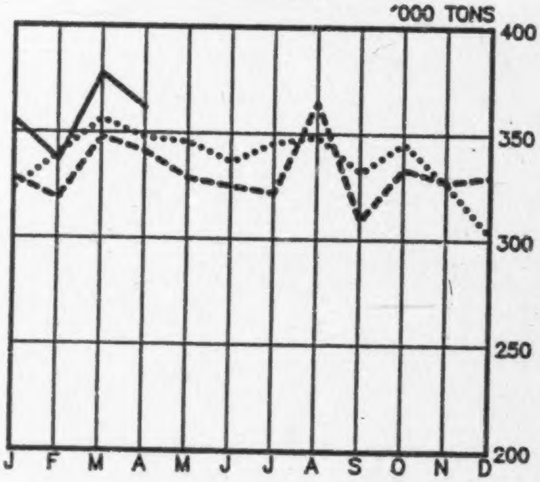
SEMICHEMICAL PAPERBOARD

PRODUCTION



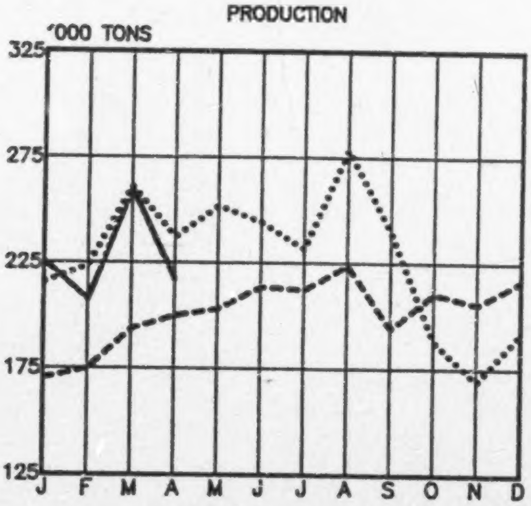
SOLID BLEACHED PAPERBOARD

PRODUCTION



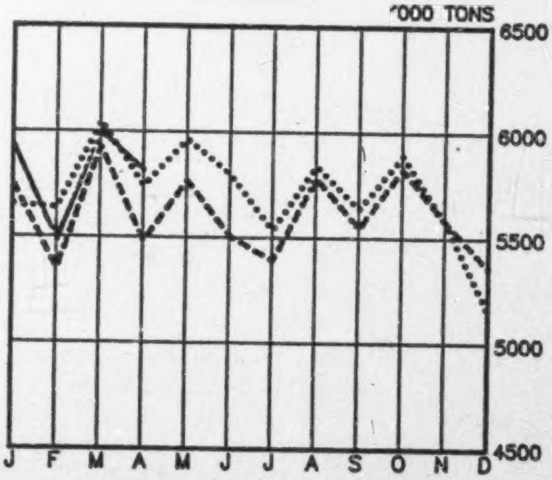
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ········ 1985 - - - - -1986 ———

PULP PAPER AND PAPERBOARD IMPORTS AND EXPORTS DATA

IMPORTS

	YEAR 1985		1986		1986		(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
	Tons	$000	FEB. Tons	FEB. $000	MAR. Tons	MAR. $000		
Pulpwood Roundwood (cords)	31755	2606	3784	383	356	35	17072	-72.0
Pulpwood Chips	789382	22006	60349	1502	77471	2474	826352	-19.7
Total All Imports	16156209	7255817	1338964	602856	1379215	621639	16296693	-0.8
Wood Pulp Total	4465746	1520907	334518	104981	386728	123020	4416232	-4.2
Waste Paper	87413	10160	7015	872	10019	963	93836	12.3
Other Fibrous Materials	81430	26949	8516	2829	7630	2552	100393	4.2
Paper Board & Products Total	11521619	5697802	988915	494174	974839	495104	11686232	0.4
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	961021	434621	942771	425057	11348203	-0.4
Paper Ppbd & Prds ex Cnst&WMB	11105154	5586077	962772	486104	945384	485425	11378216	1.3
Paper & Paperboard Only	10821629	4962757	934878	426551	913317	415377	11040187	0.5
Paper Total	10637428	4906882	915114	420714	889864	408061	10805184	.0
Newsprint	8496568	3638716	721506	308260	707693	300627	8550484	1.0
Printing & Writing	1912867	1116225	168069	97314	159067	92370	1947225	-8.1
Uncoated Groundwood	1027211	530619	89572	48063	80081	43114	964365	-13.8
Coated Print.& Impreg. Pap.	496073	363855	33010	26823	35844	26080	452806	-31.4
Uncoated Free Sheet	364848	198432	35786	19385	39227	20530	484396	54.3
Uncoated Book	200927	106586	16359	9628	20464	11110	241159	55.2
Writing and Similar Paper	163921	91846	19426	9758	18763	9420	243238	53.4
Thin (except Cigarette)	23712	22276	4659	2984	3876	2606	45260	90.4
Bristols	1024	1043	43	59	39	40	398	-55.6
Total Pkg & Other Paper	172003	116390	20395	11754	18279	12095	237603	47.1
Unbleached Kraft Paper	63604	23976	7537	2865	6866	2393	87799	88.7
Other Pkg. & Indust. Paper	108398	92414	12859	8889	11414	9702	149804	30.2
Tissue	55991	35551	5143	3386	4826	2970	69872	28.3
Paperboard, Total	184201	55875	19764	5836	23452	7316	235003	26.8
Test or Containerboard	50975	16848	6306	2006	8111	2681	74440	41.2
Semi-Chemical Corrugating	65203	13706	7129	1392	7725	1561	78046	34.4
Other Paperboard	68023	25321	6329	2439	7616	3075	82517	10.7
Convtd Paper&Paperbd Products	283525	623320	27894	59554	32068	70047	338029	38.9
Paper Products, Total	258934	572316	25866	55386	29716	65109	312473	43.1
Paperboard Products, Total	24592	51004	2028	4167	2352	4939	25556	1.7
Wet machine Board	3270	2585	292	212	614	441	4312	43.8
Construction Paper & Board	413196	109140	25852	7858	28840	9238	303705	-24.6
Notes								
Other: No Weight Avail. ($000)		228219		13895		15992	190652	-3.6
Total Imports Incl. Other($000)		7484036		616751		637631	16487344	-2.3

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	51765	3037	985	50	1884	110	20528	20.2
Pulpwood Chips	2116137	168814	140531	10563	178327	12922	2029604	-9.3
Total All Exports	11261281	4042068	1000487	338673	1168251	386976	12479125	15.5
Wood Pulp,Total	3791102	1352700	341928	114581	413823	134526	4493148	21.8
Cotton Pulp and Other Pulp	107224	71802	25720	9087	14553	7032	194116	109.5
Waste and Old Paper	3285926	349258	276585	27656	315895	31205	3586548	6.4
Paper, Board & Products,Total	4077029	2268300	356254	187348	423980	214212	4605313	15.0
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3586119	1588157	315237	130736	383515	157220	4100800	17.9
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	348946	183380	416034	209536	4506422	14.6
Paper & Paperboard, Only	3517311	1548451	307929	126768	375569	152543	4001909	17.5
Paper, Total	779000	594338	73913	51023	78443	56002	857468	0.3
Newsprint	314385	131379	29700	14371	27326	13822	310982	-7.1
Printing & Writing	202826	201845	16254	14912	17624	16133	203352	-7.4
Uncoated Groundwood	36779	31727	4365	2646	5679	3582	52020	33.4
Clay Coated Paper	82461	65710	6302	4738	6651	5183	83887	.0
Uncoated Free Sheet	64573	77929	4336	5549	3964	5405	52031	-33.1
Other Printing & Writing	19013	26479	1251	1978	1330	1963	15414	-18.6
Total Pkg. & Other Paper	243671	242909	27038	20466	32050	24283	329538	22.5
Unbleached Kraft	67695	29931	6459	3083	5074	2173	63944	-14.6
Other Pkg. & Indust. Paper	175976	212978	20580	17383	26976	22109	265593	36.8
Tissue	18118	18205	922	1275	1444	1765	13596	-57.0
Paperboard, Total	2738310	954113	234015	75745	297126	96541	3144441	23.3
Solid Wood Pulp	2492746	872281	204023	68658	267028	90258	2779851	18.9
Total Linerboard	1807151	480909	147646	38776	195200	51000	2023976	20.2
Bleached Kraft Linerboard	130359	45687	15468	4564	11748	3620	137668	-1.0
Unbleached Kraft Linerbd	1676791	435222	132178	34212	183451	47380	1886308	22.1
Other Unbleached Kraft	100651	41053	14544	4433	8413	3605	135604	80.6
Other Bleached Kraft	523091	335026	38946	24695	54011	33437	530059	1.6
Semi-Chemical Corrugating	61853	15293	2887	755	9404	2215	90212	58.8
Recycled Paperboard	245564	81833	29992	7087	30098	6284	364590	71.8
Convtd Paper&Paperbd Products	490910	680143	41018	56612	40465	56992	504512	-4.3
Paper Products, Total	237191	464174	19140	39446	17227	37908	222941	-12.4
Paperboard Products, Total	253719	215970	21878	17166	23238	19084	281571	3.4
Wet Machine Board	13380	6930	1011	459	1167	549	15712	37.3
Construction Paper & Board E	55429	32776	6297	3509	6779	4127	83180	37.9
Notes								
Other: No Weight Avail. ($000)		6618		680		642	8016	22.5
Total Exports Incl. Other($000)		4048687		339352		387618	12887140	1.2

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES

1967 = 100

	1984	1985	JAN. 1986	FEB. 1986	MAR. 1986	APR. 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.2	287.9	287.9	289.0	290.1	288.7	-2.5
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.8	294.6	290.6	290.5	291.5	292.5	291.3	-2.3
Total Wood Pulp	395.0	347.2	331.3	330.2	335.0	333.9	332.6	-8.5
Total Paper	303.2	303.6	301.0	301.4	301.5	303.4	301.8	-1.0
Total Paper, exc. Newsprint	301.2	298.8	295.1	295.6	295.5	297.8	296.0	-1.3
Newsprint	324.1	332.9	324.1	324.8	324.3	324.1	324.3	-2.8
Total Paperboard	280.6	275.5	264.1	262.7	266.1	266.7	264.9	-7.6
Total Paper and Paperboard *	296.1	294.8	289.4	289.3	290.4	291.9	290.2	-2.9
Converted Products	280.7	288.1	285.8	285.7	286.4	287.4	286.3	-1.3
Waste Paper	240.1	148.8	129.1	136.9	139.5	146.7	138.1	-22.0
All Commodities	310.4	308.9	309.0	304.7	300.3	297.9	303.0	-2.0
Industrial Commodities	322.6	324.0	324.0	319.4	314.0	311.3	317.2	-1.8

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

PAPER AND ALLIED PRODUCTS SALES AND EARNINGS

Millions of Dollars

	Net Sales	Net Profit Before Taxes	Income Taxes	Net Profit After Taxes	Depreciation	Cash Dividends	(1) Net Cash Flow	Stockholder Equity
1980	56,250	4,045	1,245	2,800	2,026	1,057	3,769	24,396
1981	62,699	4,728	1,617	3,110	2,267	1,126	4,251	26,558
1982	60,293	2,120	660	1,460	2,379	1,104	2,735	26,705
1983	65,008	3,424	1,096	2,327	2,607	1,137	3,797	27,219
1984								
1stQ	17,459	1,073	444	629	693	334	988	27,617
2ndQ	18,694	1,523	581	942	699	305	1,336	28,130
3rdQ	18,096	1,451	501	951	706	266	1,391	28,806
4thQ	17,642	765	272	493	700	312	881	28,160
YR	71,891	4,812	1,798	3,015	2,798	1,217	4,596	28,160
1985								
1stQ	17,797	1,161	443	718	765	309	1,174	29,241
2ndQ	18,262	1,358	484	874	761	303	1,332	29,797
3rdQ	17,939	887	286	601	804	302	1,103	29,647
4thQ	17,763	1,018	320	698	777	328	1,147	29,780
YR	71,761	4,424	1,533	2,891	3,107	1,242	4,736	29,780

1) Net Profit after taxes plus depreciation less dividend.

Source: Quarterly Financial Report for Manufactures Mining and Trade Corporation, U.S. Department of Commerce.

use showed a smaller 1.7% gain. This difference reflects the divergent inventory trends of 1985 and 1986. So far this year inventories at mills and box plants have been reduced some 151,000 tons, bringing inventories to 5.0 weeks of supply at the end of April compared with an estimated 5.3 weeks at the start of the year. During these same four months last year, inventories rose by 105,000 tons. Moreover, in April 1986 alone, inventories of containerboard were reduced by 116,000 tons, an indication of futher underlying strength in the demand for containerboard.

Although unbleached kraft linerboard only gained 3.1% over last year, production for export surged 27.6% for the January-April 1986 period, with the other paperboard grades posting similar advances in their production for export: semi-chemical paperboard 16.8%, solid bleached 7.8%, and recycled 76.9%.

Among the non-packaging grades, gypsum wallboard facings were strong at 21.5% over last year and two of the food service grades, milk carton and plate, dish and tray stock, showed particular strength, up 14.3% and 10% respectively.

In sum, it appears that demand for paper and paperboard has maintained the record high levels exhibited since the last quarter of 1985. The over-all rates of production during each of the four months of 1986 have all been well above the record year of 1984.

WOOD PULP

Production of chemical paper grade market wood pulp in the first four months of 1986 rose 6.4% above its year-earlier level to a rate of 6.1 million tons per year; this reflected the steady resurgence in domestic demand for paper and paperboard since the end of 1985 and the record-high level of exports. Shipments of chemical paper grade market pulp to the domestic market rose 2.7% from their year-ago level in January-April 1986 while exports shipments gained 27.2% in the same period. Chemical paper grade market pulp inventories held by producers fell by 114,000 tons during the first quarter.

Total wood pulp production was also strong. At 56.4 million tons per year, the first quarter production rate was 2.2% above its year earlier level.

Consumption of waste paper at paper and paperboard mills rose moderately with the January-March 1986 of 16.4 million tons per year, 5.1% over its year-ago level. In addition, waste paper exports, at 3.6 million tons per year, were 6.4% above their year-earlier level in the first three months of 1986.

Continued on Page 12

SALES AND EARNINGS

The Department of Commerce has recently released data on sales and earnings of paper and allied products companies for the fourth quarter of 1985. This is the only source of current information on detailed income and asset data at the industry level. The Internal Revenue Service publishes annual data at the industry level, but the last such report is for 1983. The Commerce data refer to book values, which are consistent with those published in the financial reports of the various companies; IRS data, of course, summarize the actual income tax returns.

Commerce Department data show fourth quarter 1985 sales of paper and allied products companies at an annual rate of $71.1 billion, 0.7% above the comparable 1984 total. Before tax profits in the fourth quarter of 1985 amounted to $1.0 billion, 33% above the year-ago total, while after-tax profits, at $698 million, were up 42%.

The detailed data published in this report include information on stockholder's equity. Total equity increased from $28.2 billion at the end of 1984 to $29.8 billion at the end of 1985. The return on equity in the fourth quarter of 1985 was at an annual rate of 9.4%, compared to 7.0% in the fourth quarter of 1984.

Total 1985 sales for the paper and allied products companies amounted to $71.8 billion, 0.2% below the record high 1984 total of $71.9 billion.

For 1985 as a whole, before-tax profits of these companies fell to $4.4 billion, 8.0% below the comparable 1984 total, reflecting the market pressures resulting from the strong imports and weak exports on the domestic supply-demand balance. After-tax profits for these companies amounted to $2.9 billion in 1985, 4% below the comparable 1984 total. For 1985 as a whole, the return on stockholders' equity was 9.7%, compared to 10.7% in 1984. Prior to the 1982 recession, the return on equity for these companies was generally above the 11% rate.

First quarter financial reports show improvement in sales and a decline in profits. Data compiled from press reports on 32 paper and allied products companies, accounting for more than 60% of sales of all paper and allied products companies, show sales up 3.3% from their year-ago level in the first quarter of 1986. Even though exports began to rise, short-term market pressures held profits down, and the total for these companies was well below year-ago levels.

The table on page 10 shows data from the income and balance sheets of paper and allied products companies as summarized from the Departments of Commerce's "Quarterly Financial Reports for Manufacturing, Mining and Trade Corporations". The table presents annual data from 1980 to 1983, together with quarterly data for 1984 and 1985.

MAY 30, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD — Tons (000)	1984	1985	Feb	Mar	Apr	1986	
Total Production (API).......: excluding :...	68449	67230	5476	5994	5812	69617	3.2
Total Seasonally Adjusted....:construction:...			5745	5680	5721	69081	3.2
Imports (including Products).: and wet :..E	10576	11106	963	945	N.A.	11384	1.2
Exports (including Products).: machine :..E	4309	4009	349	416	N.A.	4580	14.4
Apparent Consumption.........: grades :...	74715 a	74327 b	6359	6209	6271	75885 c	2.3
Paper Production % Tonnage Capacity...........	93.4 g	89.7 g	93.4	92.8	90.6	92.4 gh	-
Paperboard Production % Tonnage Capacity......	94.8 g	90.1 g	93.7	92.2	93.9	93.0 g	-
			Jan	Feb	Mar		
IMPORTS.....:Including Construction and :...	11075	11521	958	989	975	11686	0.4
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	371	356	424	4606	15.1
			Jan	Feb	Mar		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6898	6800	622	589	636	7391	3.9
TOTAL WOOD PULP PRODUCTION - Tons (000).........	55470	54170	4846	4407	4856	56438	2.2
WOOD PULP IMPORTS - TONS (000)..................	4490	4466	383	335	387	4417	-4.2
WOOD PULP EXPORTS - TONS (000)..................	3594	3791	368	342	414	4494	21.9
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			Jan	Feb	Mar		
Wood Pulp............:consumption for:.....	54562	53297	4715	4277	4751	54973	1.8
Waste Paper..........:construction & :.....	15926	15326	1399	1287	1415	16402	5.1
TOTAL.........: WMB grades :.....	70488	68623	6114	5564	6166	71375	2.5
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7880	7261	7478	90476	2.6
EMPLOYMENT (000)			Feb	Mar	Apr		
Paper and Allied Products..........Total......	682.3	683.3	682.4	684.9	686.5	684.3	0.8
Pulp, Paper and Board Mills........Total.....E	263.9	257.7	254.2	254.1	254.1	254.5	-2.3
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	10.44	10.82	10.99	11.02	11.04	11.02	3.2
Pulp, Paper Mills............................E	12.45	13.11	13.31	13.36	13.35	13.34	4.1
Paperboard Mills.............................E	12.99	13.60	13.76	13.87	13.85	13.83	4.0
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q3	1985 Q4	1986 Q1		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.53	8.64	9.60	8.46	8.85y	3.8
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			Feb	Mar	Apr		
:IN PULP, PAPER :...Production Workers..........	125.5	125.5	128.9	128.4	128.6	129.3	3.5
:AND BOARD MILLS:...All Employees...............	123.9	124.5	128.8	128.3	128.5	129.2	4.9
PAPER AND ALLIED PRODUCTS (Million $)			Feb	Mar	Apr		
Industry Shipments (Dept. of Commerce)*........	95990	97664	8637	8462	8785	138284	6.9
Pulp, Paper and Paperboard*..................	41539	41830	3617	3587	3747	58556	4.1
Inventories (End of Period) - Total Industry*..	9701	9728	9725	9781	9799	9799	1.1
Pulp, Paper and Paperboard*..................	3662	3800	3936	3930	3907	3907	4.9
			1985 Q2	1985 Q3	1985 Q4		
Sales (Corporations Only)......................	71891	71761	18262	17939	17763	N.A.	N.A.
Earnings (Corporations Only)...................	3015	2891	874	601	698	*	*
Depreciation (Corporations Only)...............	2798	3107	761	804	777	*	*
Net Worth (Corporations Only)..................	28160	29780	29797	29647	29780	*	*
PRICE INDEXES (Bureau of Labor Stats)1967=100			Feb	Mar	Apr		
Pulp, Paper & Products, ex. Building Grades....	292.9	292.2	287.9	289.0	290.1	288.7	-2.5
Wood Pulp......................................	395.0	347.2	330.2	335.0	333.9	332.6	-8.5
Waste Paper....................................	240.1	148.8	136.9	139.5	146.7	138.1	-22.0
Paper..	303.2	303.6	301.4	301.5	303.4	301.8	-1.0
Paperboard.....................................	280.6	275.5	262.7	266.1	266.7	264.9	-7.6
PAPER DEMAND (INDEXED: 1977=100)			Feb	Mar	Apr		
Total Paper Production *.......................	124.1	123.1	124.9	125.2	123.3	125.3	1.5
Paper New Supply *.............................	127.7	128.9	131.2	130.6	129.1	131.0	1.3
Demand Indicators - (Weighted Average) *.....	136.7	142.1	144.3	144.0	145.3	144.7	3.6
Production of Nondurable Goods *...(21.2%).	122.5	125.5	128.7	128.4	128.6	128.7	4.0
Disposable Income ....*.(23.9%)	124.0	126.8	128.9	129.2	129.5	129.0	2.4
Total Printing and Publishing *...(54.9%).	147.8	155.1	157.1	156.4	158.6	157.8	3.9
Trend Factor	------------------	------------------	------------------	Not Available	------------------	------------------	------------------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *................	117.4	114.9	118.6	115.6	119.2	118.7	4.9
Production for Domestic Use	115.2	113.8	117.5	111.9	117.6	116.7	3.6
Demand Indicators - (Weighted Average) *.....	118.3	120.3	122.0	121.1	121.6	121.9	2.0
Production of Consumer Goods *...(62.06%)	118.2	120.7	123.2	122.2	123.0	123.1	3.2
Production of Equipment *...(5.75%)	140.5	147.1	145.8	144.2	144.2	145.7	-0.1
Production of Materials *...(32.19%)	114.6	114.7	115.5	114.8	114.9	115.4	.0
Trend Factor	------------------	------------------	------------------	Not Available	------------------	------------------	------------------
NEWSPRINT MARKETS			Jan	Feb	Mar		
Consumption by Publishers - Tons (000).........	12612	12774	1012	968	1081	12244	1.7
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	459.7	460.4	460.4	1841	2.5
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)...........	157798	153040	9595	11852	13733	140720	.0
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	3226	2911	3169	37224	11.8
Inventories (End of Period).	2724	3155	3116	3137	3212	3212	11.8
FIBRE BOX DATA (Fibre Box Association)			Feb	Mar	Apr		
Fibre Box Shipments (Million square feet).......	267549	267451	21714	22451	25174	281667	6.0
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2489	2518	2401	2401	-19.6
RETAIL TRADE (Million $)			Feb	Mar	Apr		
Total Retail Sales *...........................	1291835	1378161	117454	116556	116788	1404486	4.0
Nondurable Goods Stores Sales *................	841417	866541	73754	73189	72591	877821	2.7
GENERAL ECONOMIC DATA			Feb	Mar	Apr		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.5	125.7	124.9	125.1	125.6	1.4
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.4	308.8	304.7	300.3	297.9	303.0	-2.0
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	327.5	326.0	325.3	326.8	2.7
			Jan	Feb	Mar		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	549.9	545.0	543.6	545.6	545.6	-0.8
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q3	1985 Q4	1986 Q1		
G.N.P. or Expenditure - Current $...............	3774.7	3988.6	4016.9	4059.3	4116.7	4116.7	5.1
G.N.P. or Expenditure - 1982 $..................	3492.0	3570.0	3584.1	3590.8	3619.2	3619.2	2.0

lb/capita

	Pap&Papbd		Othr		Totl	Popul(mil)
.a -	631	+	21	=	652	236.7
.b -	624	+	21	=	645	238.6
.c -	645	+	21	=	666	240.0e

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

May 30, 1986

PRODUCTION (000 TONS)

	Apr. 86	Mar. 86	Apr. 85	Jan. - 86 -	Apr. 85	% Change 86/85
PAPER GRADES						
Newsprint	451	489	427	1837	1831	0.3
Printing & Writing	1552	1669	1588	6410	6275	2.1
Uncoated Groundwood (s)	120	124	125	487	505	-3.4
Coated Paper (s)	473	504	517	1986	2119	-6.3
Uncoated Free Sheet Paper (s)	839	914	835	3456	3212	7.6
Thin Paper (s)	21	27	21	99	88	12.8
Cotton Fiber Paper (s)	13	13	12	51	49	4.7
Bleached Bristols (s)	86	87	78	332	304	9.3
Tissue Paper	433	431	394	1683	1630	3.2
Total Pkg & Other Paper	443	446	405	1729	1746	-1.0
Unbleached Kraft Packaging & Indl. Converting (s)	293	293	258	1139	1145	-0.5
Other Paper *	151	152	148	590	601	-1.9
TOTAL PAPER	2880	3034	2814	11659	11483	1.5
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1446	1469	1280	5701	5474	4.2
Unbleached Kraft Linerboard	1334	1354	1194	5264	5108	3.1
Other Unbl. Kraft Paperboard	112	115	85	437	365	19.6
Semichemical Paperboard	443	438	411	1741	1658	5.0
Bleached Paperboard	361	378	346	1431	1344	6.4
Recycled Paperboard	681	675	631	2674	2537	5.4
TOTAL PAPERBOARD	2932	2960	2668	11547	11013	4.8
TOTAL PAPER AND PAPERBOARD	5812	5994	5482	23206	22496	3.2

WOOD PULP (ALL GRADES)	Mar. 86	Feb. 86	Mar. 85	Jan. - 86 -	Mar. 85	% Change 85/84
Dissolving & Special Alpha	109	95	118	310	322	-3.6
Bleached Sulfite	114	111	123	345	346	-0.2
Unbleached Sulfite	14	13	26	42	63	-32.2
Bleached & Semi-Bl. Sulfate	2045	1894	1993	5967	5745	3.9
Unbleached Sulfate	1762	1559	1750	5087	4964	2.5
Semichemical	346	311	349	1003	1011	-0.8
Groundwood & Thermomechanical	467	425	484	1355	1361	-0.5
TOTAL PULP DIVISION DATA	4856	4407	4844	14109	13811	2.2

(s) - Shipments
P - Preliminary
R - Revised

A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 6

JUNE 1986

PAPER AND PAPERBOARD: MOVING UPWARD

Demand for paper and paperboard returned in May to the record high range it had reached at the beginning of the year. Production for the first five months of 1986 was ahead of production last year in all the major paper grades except packaging and coated papers, with the paperboard grades up briskly due to a favorable export picture and continued strength in domestic demand.

Production of paper and paperboard has been fluctuating about a relatively flat trend about 4% above the 1985 total in recent months. After some easing in the February-March period, the rate of production moved back to the 70 million-tons-per-year level established in January of this year. The trend level in May (two months seasonally adjusting moving average) was 70.5 million tons per year and preliminary weekly data indicate that this rate was maintained well into June.

Advances over the first five months of last year continue to center on the paperboard grades, partly due to a bolstering in the export markets for all of the four major grades. Leading the way was unbleached kraft linerboard production for export which was a heartening 17.7% over year-ago levels. With exports of the other paperboard grades strong, total production for export reached an annual rate of 2.7 million tons, 15.1% above last year's comparable figure. Total paperboard production in the first five months gained 6.3% over the depressed January-May 1985 total; the gain in paper production over its relatively strong 1985 level was 2.6%.

Paper: Among the paper grades, the largest gains were in uncoated free sheet, bleached bristols and cotton fibre papers.

As shown in the table on page 3, shipments of total printing and writing papers in the first five months of 1986 were 3.0% above their year-ago level. Uncoated groundwood production fell behind

Continued on Page 2

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last year's five month total while coated papers showed a 3.8% decline from 1985 levels.

The 3.0% gain in the total is measured against the highest shipment rates reached in 1985: in the early months of of that year shipments were still close to the breathtaking peaks of the third and fourth quarters of 1984. Shipments tapered off over the remainder of 1985, bringing the year's total to 18.5 million tons. Total shipments of printing and writing papers so far this year annualize to a rate of 19.3 million tons, around 5% above the totals for both 1984 and 1985.

Production of uncoated free sheet papers was at an annual rate of 10.4 million tons in January-May of this year. This record-high level is 6.8% over the total for 1985 and 13.1% over 1984's total. The major sources of strength for this grade lie in the bond and writing sector, supported by continued demand for office copier and computer papers, as well as solid demand for the printing grades. An additional 350,000 tons of annual capacity in this grade is expected on-line shortly.

Bleached bristols and cotton fibre papers shipments in the first five months of 1986 posted encouraging gains over January-May 1985 at 7.8% and 5.4%, respectively.

Newsprint production continued to climb in May, bringing the year-to-date annual rate to 5,589,000 tons, above both the 1984 and the 1985 totals. Consumption is also strong, especially by daily newspaper publishers, with the seasonally adjusted consumption averaging 2.3% above year-ago levels so far this year. Shipments in the first five months posted a 1.6% gain over January-May 1985.

Demand for packaging and industrial papers was slightly below year-ago levels, with the "other paper" production losing 1.2%. This includes the specialty packaging and industrial grades.

The largest non-industrial sector of the paper industry is tissue paper. Its products are largely earmarked for private and institutional consumption in the form of sanitary paper products. Production of these grades was at an annual rate of 5.1 million tons in the first five months of 1986, 4.6% over the comparable 1985 figure. This compares well with the record high 4.9 million produced in 1984 and 1985.

Paperboard: Paperboard production in the first five months, as noted earlier, was 6.3% over the year-ago rate.

Within the paperboard grade structure, containerboard production for domestic use climbed to 21.1 million tons per year,

Continued on Page 10

PAPER AND PAPERBOARD STATISTICS

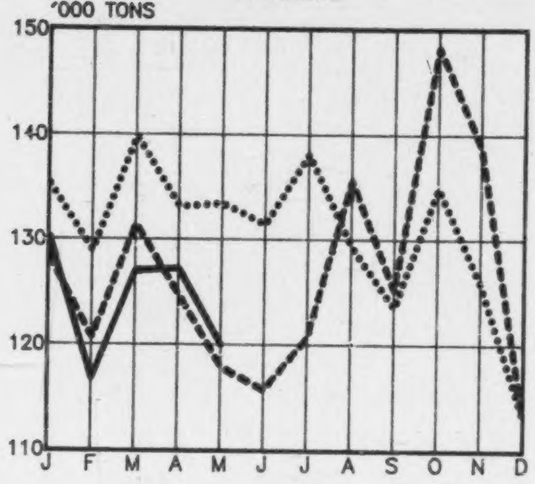
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR		FEB.	MAR.	APR.	MAY	Annual Rate Y-T-D	% Change From same Period Last Year
	1984	1985	1986	1986	1986	1986	1986	
PAPER								
Newsprint - Production	5539	5428	434	489	451	492	5589	1.6
- Shipments	5584	5417	434	486	452	489	5488	0.2
Printing & Writing sum	18397	18450	1521	1661	1606	1608	19328	3.0
Groundwood Paper - Shipments	1565	1516	117	127	127	120	1489	-0.1
- New Orders	1575	1477	115	128	138	108	1521	9.8
-Unfilled Orders	140	106	116	115	126	121	121	23.3
Coated Papers - Shipments	6249	5875	488	504	510	497	6044	-3.8
- New Orders	6281	5642	490	533	498	503	6171	6.9
- Unfilled Orders	575	393	404	428	421	454	454	14.2
Unctd Free Sheet - Shipments	9207	9750	808	910	856	876	10414	7.7
- New Orders	8939	9704	827	888	858	898	10460	8.7
- Unfilled Orders	430	509	496	467	472	508	508	2.4
Thin Papers - Shipments	267	241	18	19	19	20	235	-8.1
Cotton Fiber Paper - Shipments	147	144	12	13	13	13	154	5.4
Bleached Bristols - Production	961	924	79	88	81	83	992	7.8
Tissue Paper - Production	4921	4941	399	436	422	456	5145	4.6
Total Packaging & Other Paper	5555	5210	405	446	443	453	5238	-0.4
Unbl. Kraft Paper - Shipments	3666	3410	263	293	293	297	3447	0.1
Other Paper - Production	1889	1800	142	152	151	157	1791	-1.2
TOTAL PAPER-Production-Unadj. *	34411	34029	2759	3031	2923	3009	35300	2.5
-Production-S.A. *			2873	2871	2929	2953	34929	2.6
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25404	2071	2326	2229	2360	26970	5.6
Total Unbl. Kraft Paperboard	17185	16368	1325	1496	1424	1529	17365	5.1
Unbl. Kraft Linerboard (1)	16037	15183	1223	1345	1348	1411	16034	4.2
Production for Export	2086	1830	151	199	156	169	2038	17.7
Other Unbl. Kraft Paperboard	1149	1184	102	151	76	119	1331	18.2
Semichemical Paperboard	5169	5088	409	452	443	457	5275	4.5
Production for Export	149	189	13	15	15	13	177	15.0
Solid Bleached Paperboard	4048	3948	337	378	361	373	4330	9.1
Production for Export	478	466	41	44	50	46	507	7.1
Recycled Paperboard	7637	7630	642	708	697	705	8267	8.8
Production for Export	17	26	2	2	2	2	25	-6.3
TOTAL PAPERBOARD-Prod.-Unadj. *	34039	33034	2713	3034	2926	3065	35237	6.3
- Containerboard Prod.(Dom. Use)	20993	20042	1628	1795	1753	1862	21142	4.1
- Boxboard Prod.(Dom. Use) (2)	5783	5673	473	535	504	514	6086	6.2
- All Other P'bd Prod.(D.U.) (2)	4531	4808	405	445	445	459	5262	11.5
- Total Paperbd Prod. for Export	2731	2511	207	260	223	230	2747	15.1
TOTAL PAPERBOARD PROD.- S.A. *			2890	2835	2917	2903	34726	6.2
TOTAL PAPER AND PAPERBOARD Production - actual *	68450	67063	5471	6065	5849	6074	70537	4.4
Production - S.A. *			5763	5706	5846	5856	69655	4.4

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.
* NOTE: Year 1984 contains one more day than year 1983 and 1985.

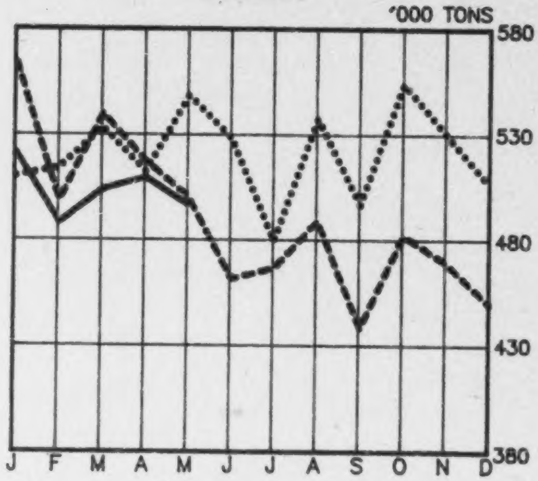
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



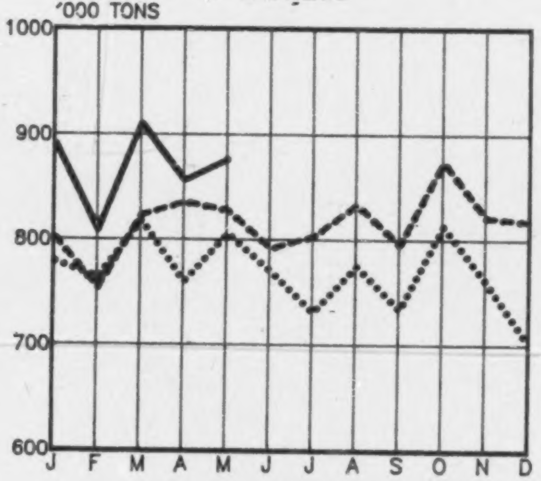
COATED PAPER

SHIPMENTS



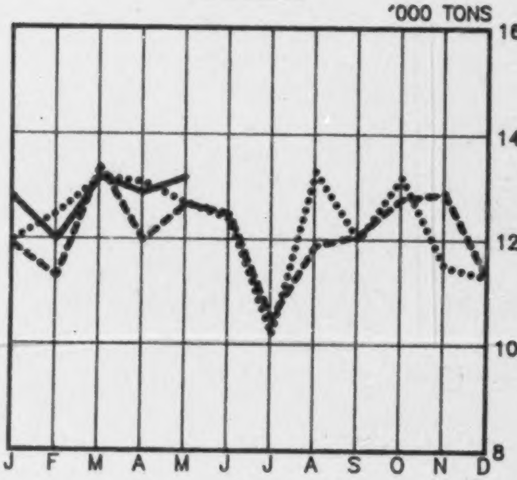
UNCOATED FREE SHEET PAPERS

SHIPMENTS



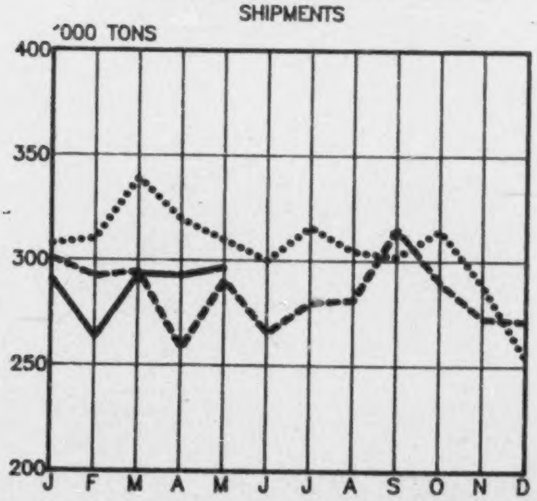
COTTON FIBER PAPER

SHIPMENTS



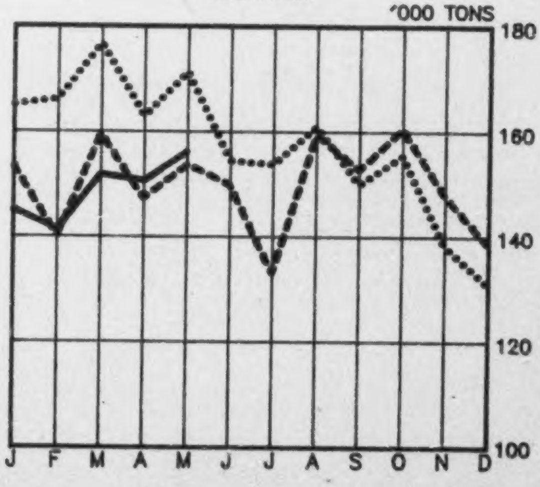
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 ········ 1985 ▬ ▬ ▬ 1986 ——

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR		JAN 1986	FEB 1986	MAR 1986	APR 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
	1984	1985						
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	55470	54170	4846	4407	4844	4604	56101	2.7
- Imports	4490	4466	383	335	387	349	4359	-2.3
- Exports	3594	3791	368	342	414	358	4443	18.5
- New Supply	56367	54844	4861	4399	4816	4595	56017	1.2
Dissolving Pulp - Production	1206	1174	107	95	109	97	1223	-4.4
- Imports	161	175	31	13	22	22	263	56.9
- Exports	595	631	55	48	57	62	666	-7.8
- New Supply	772	718	82	60	74	58	819	13.1
Paper Grades - Production	44690	43696	3931	3576	3922	3703	45394	3.5
Chemical Pulp - Imports	4023	4104	348	317	361	320	4036	-2.0
- Exports	2945	3131	310	288	340	292	3691	23.4
- New Supply	45767	44668	3968	3605	3942	3731	45738	1.7
Groundwood and - Production	5506	5251	463	425	467	457	5435	.0
Thermo-Mech. - Imports	306	187	4	4	5	7	61	-65.9
- Exports	54	29	2	6	16	4	86	140.2
- New Supply	5758	5409	465	424	455	460	5410	-3.0
Semi-Chemical - Production	4069	4050	346	311	346	347	4049	0.4
- Imports			- - - - - Included in Groundwood Pulp - - - - -					
- Exports								
- New Supply	4069	4050	346	311	346	347	4049	0.4
MARKET WOOD PULP								
Total Market - Production	6898	6800	622	589	636	590	7310	4.1
Wood Pulp - Imports	2968	2791	246	221	270	247	2951	11.3
- Exports	3511	3784	389	365	391	355	4500	22.9
- New Supply	6355	5807	479	445	515	481	5761	-4.2
Dissolving Pulp - Production	1205	1171	106	94	108	97	1214	-5.1
- Imports	204	174	26	8	22	22	232	28.3
- Exports	690	666	54	57	55	66	695	3.3
- New Supply	718	679	78	45	75	52	752	-4.6
Paper Grades - Production	5680	5605	515	495	526	493	6087	6.3
Chemical Pulp - Imports	2664	2531	217	210	244	221	2675	9.6
- Exports	2821	3117	335	308	336	289	3806	27.3
- New Supply	5523	5019	397	397	434	424	4956	-4.3
Groundwood Pulp - Production	14	24	1	0	2	0	9	-34.0
and All Other - Imports	100	86	3	3	4	4	44	41.3
- Exports	1	1	0	0	0	0	0	0.0
- New Supply	114	109	4	3	6	5	54	19.5

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

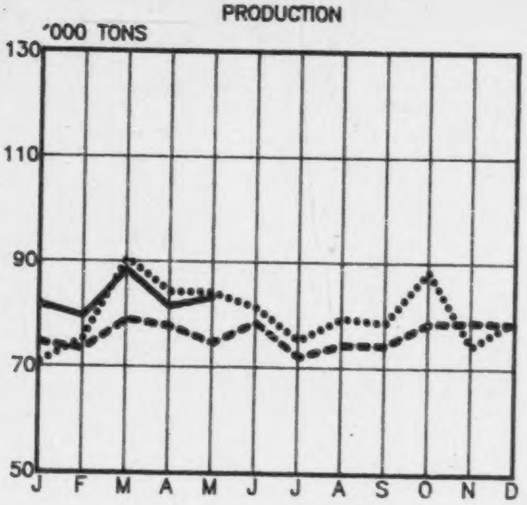
FIBROUS RAW MATERIALS
(Thousands of tons)

CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	70488	68632	6114	5564	6152	5806	70908	2.8
Total Wood Pulp	54562	53297	4715	4277	4739	4461	54579	1.9
Waste Paper	15926	15290	1399	1287	1413	1345	16329	5.7
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	174	164	165	157	143	142	142	-13.9
Producers' Market Inventories	585	486	444	422	372	367	367	-42.4
Consumers' Purchased Inventories	545	492	504	528	543	529	529	4.8
Waste Paper at Paper & Bd. Mills	1053	978	954	906	874	878	878	-11.4
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	26	25	20	20	20	-48.7

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

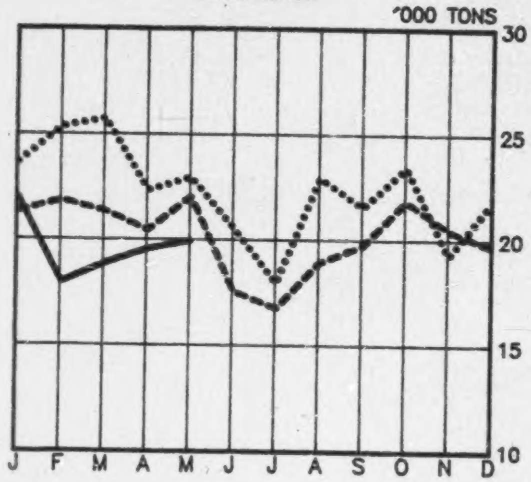
BLEACHED BRISTOLS

PRODUCTION



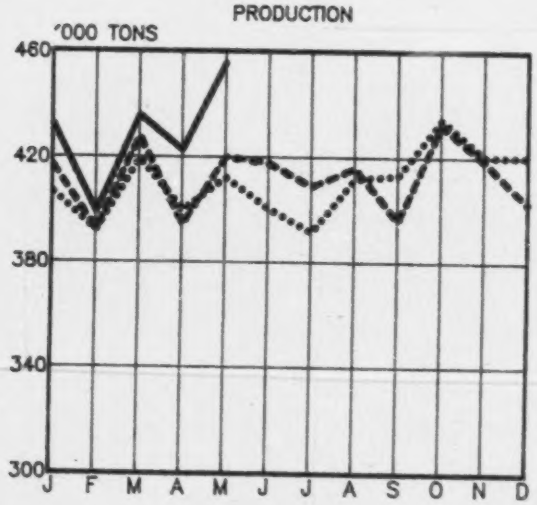
THIN PAPER

PRODUCTION



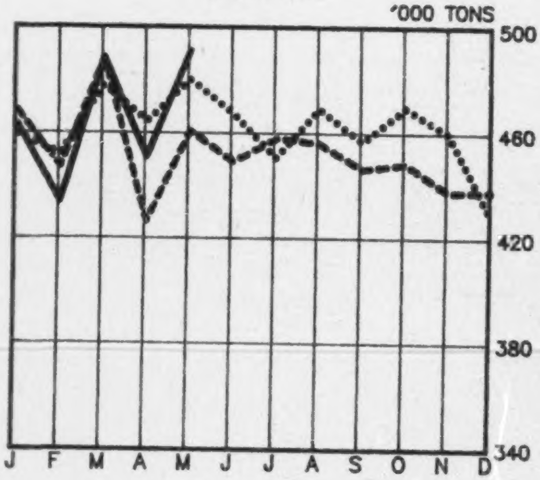
TISSUE PAPER

PRODUCTION



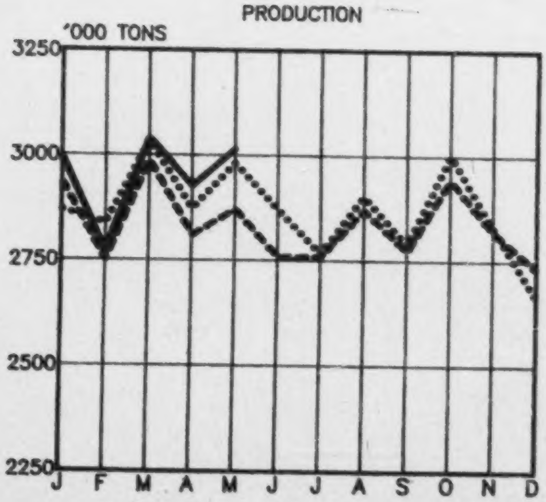
NEWSPRINT

PRODUCTION



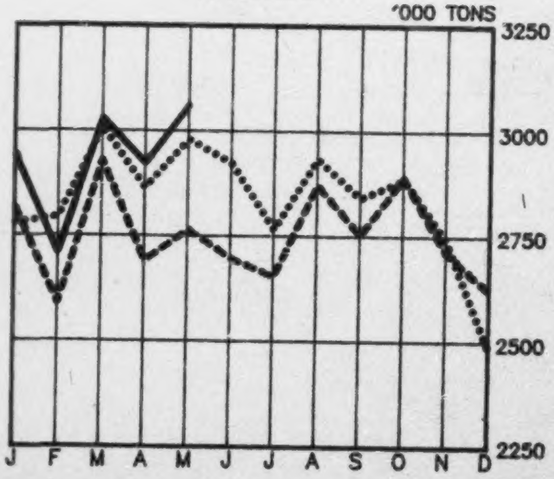
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1984 ········ 1985 ------1986 ———

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1984	YEAR 1985	JAN. 1986	FEB. 1986	MAR. 1986	APR. 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	88876	85503	8088	7483	7294	7591	91368	4.9
	- Total Consumpt	87646	85744	7880	7261	7478	7742	91083	4.0
	- Residues *	32072	30447	2842	2668	2623	2974	33321	9.5
	- Inventories	5574	5046	5491	5807	5433	5335	5335	3.9
So. Atlantic	- Total Receipts	27654	27589	2665	2393	2410	2573	30123	8.0
	- Total Consumpt	27344	27815	2544	2350	2436	2551	29643	5.3
	- Residues *	8198	7970	838	772	699	802	9333	17.3
	- Inventories	1444	1117	1224	1210	1243	1147	1147	-11.5
Northeast	- Total Receipts	7665	7430	656	665	625	520	7398	-5.0
	- Total Consumpt	7474	7394	666	601	635	639	7623	-5.0
	- Residues *	1501	1539	110	111	125	138	1452	-8.7
	- Inventories	590	544	500	560	540	411	411	-16.1
South Central	- Total Receipts	30693	29786	2891	2596	2454	2604	31635	3.9
	- Total Consumpt	30502	29914	2787	2546	2572	2623	31584	3.8
	- Residues *	9059	9207	860	764	763	829	9648	3.1
	- Inventories	1304	1198	1339	1418	1279	1262	1262	7.9
North Central	- Total Receipts	6872	6430	620	616	504	423	6489	-0.4
	- Total Consumpt	6563	6296	555	533	548	567	6609	3.6
	- Residues *	1472	1290	97	94	85	92	1104	-19.3
	- Inventories	906	884	976	1061	970	873	873	-0.7
West	- Total Receipts	15992	14264	1256	1213	1301	1471	15723	8.8
	- Total Consumpt	15763	14325	1328	1231	1287	1362	15624	7.1
	- Residues *	11842	10458	937	927	951	1113	11784	16.0
	- Inventories	1330	1303	1452	1558	1401	1642	1642	26.2

* - Consumption of Residues in Cord Equivalents.   SOURCE: American Pulpwood Association   17-Jun-86

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	MAR. 1986 Tons	MAR. 1986 $000's	APR. 1986 Tons	APR. 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	356	35	6058	463	30978	-40.2
Pulpwood chips	788486	21955	76924	2417	85257	1978	873393	-8.1
Wood Pulp, Total	4020736	1385871	349856	111300	324954	106464	3629850	-12.5
Waste Fibrous Materials, Total	144564	26371	13345	2481	11909	1845	158552	-3.4
Paper, Board & Products, Total	9734523	4306694	826649	358060	748067	332781	9594429	-2.1
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	816451	341081	738696	317105	9481245	-2.5
Paper, Paperboard & Products	9380235	4215314	805061	351446	725994	326252	9352790	-0.8
Paper & Paperboard, Only	9286488	4073606	794863	334466	716623	310576	9239606	-1.3
Paper, Total	9132128	4030872	775653	329129	695984	305384	9028061	-2.0
Newsprint	8117986	3496944	697846	288918	626183	269804	8066997	-2.3
Printing, Writing & Rel. Pap.	841500	435561	62953	32238	55935	28625	769933	-2.3
Pack. & Ind. Conv. Paper	124100	64640	11907	5786	11642	5152	155974	38.5
Special Industrial Paper	3463	5393	364	618	265	451	4236	22.7
Tissue Paper	45081	28334	2584	1569	2159	1352	30920	-38.2
Paperboard, Total	154360	42734	19210	5337	20639	5192	211545	41.7
Convtd Paper&Paperbd Products	93747	141708	10198	16980	9371	15676	113184	53.8
Wet Machine Board	2184	1481	177	126	205	124	2336	34.3
Construction Paper & Board	352104	89898	21411	6489	21868	6404	239303	-34.2

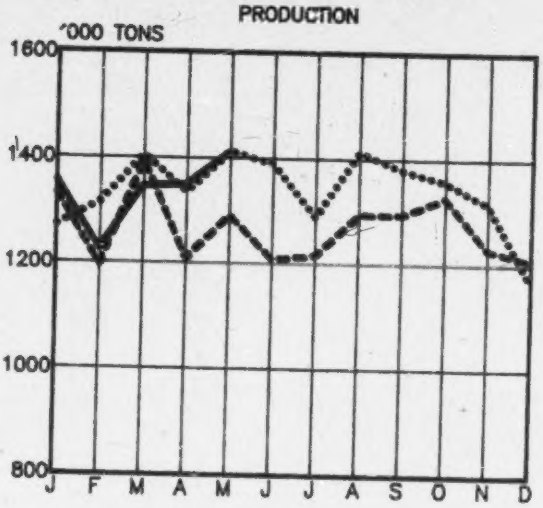
EXPORTS TO CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	MAR. 1986 Tons	MAR. 1986 $000's	APR. 1986 Tons	APR. 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	1884	110	4954	399	24561	-17.8
Pulpwood chips	82626	4780	14866	892	9228	509	79491	-10.5
Wood Pulp, Total	203934	79541	22680	6551	22860	6379	290577	34.9
Cotton Pulp & Other Pulp	15083	6252	2472	727	2397	816	27888	117.0
Waste Paper	209087	23249	14087	1428	14592	1459	175761	-25.8
Paper, Board & Products, Total	736140	485290	81582	38054	78605	39538	953756	28.8
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	70280	26752	66282	27183	796981	38.4
Paper, Paperboard & Products	710785	473839	79534	37115	76042	38664	925769	29.4
Paper & Paperboard, Only	554413	322162	68231	25812	63719	26308	768995	39.6
Paper, Total	271754	223971	30495	17602	26134	16572	326146	5.6
Newsprint	3757	3276	144	139	319	240	2773	-22.2
Printing, Writing & Rel. Pap.	133800	118625	9725	8571	10728	8653	123306	-23.0
Pack. & Ind. Conv. Paper	41327	23536	2767	1685	1717	1120	29596	-39.4
Special Industrial Paper	90071	74893	17630	6860	13095	6114	167699	79.0
Tissue Paper	2799	3641	230	346	275	444	2772	3.1
Paperboard, Total	282658	98191	37736	8211	37585	9736	442849	83.1
Convtd Paper&Paperbd Products	156372	151676	11302	11302	12323	12356	156775	-4.6
Wet Machine Board	5786.	4243	639	408	1263	295	8494	70.7
Construction Paper & Board	19570	7209	1409	532	1299	579	19493	-3.9

SOURCE: Bureau of Census, Department of Commerce .   E - Estimate of tonnage based on square foot data   17-Jun-86

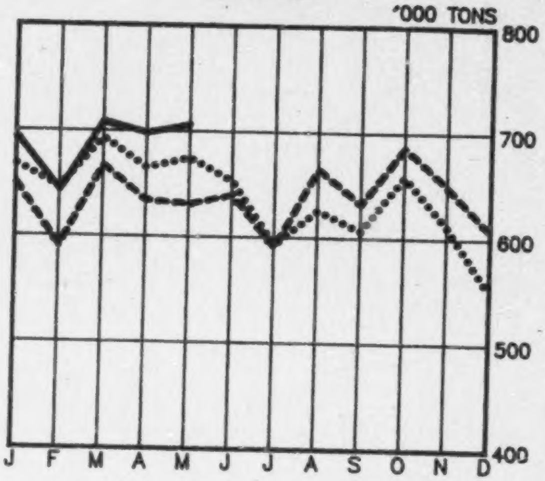
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



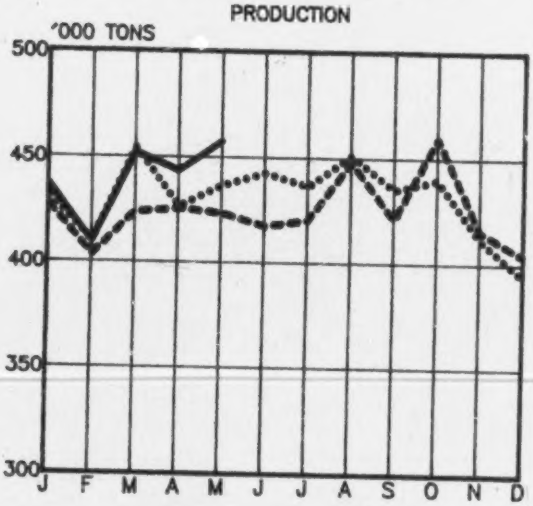
RECYCLED PAPERBOARD

PRODUCTION



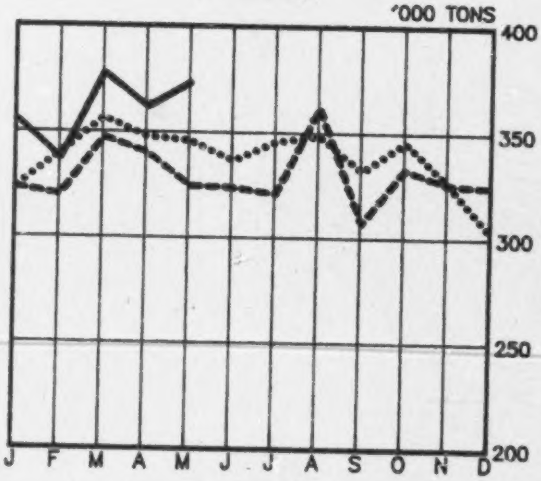
SEMICHEMICAL PAPERBOARD

PRODUCTION



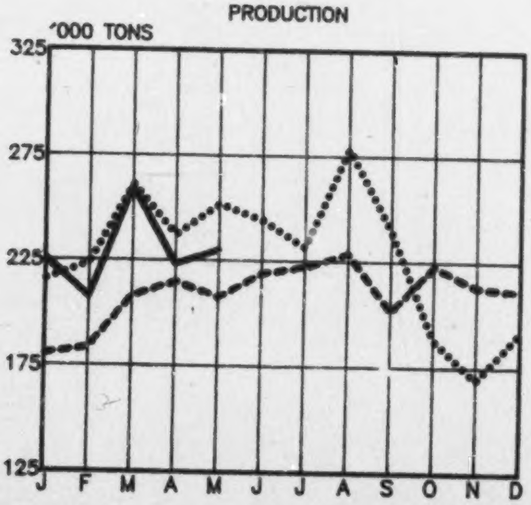
SOLID BLEACHED PAPERBOARD

PRODUCTION



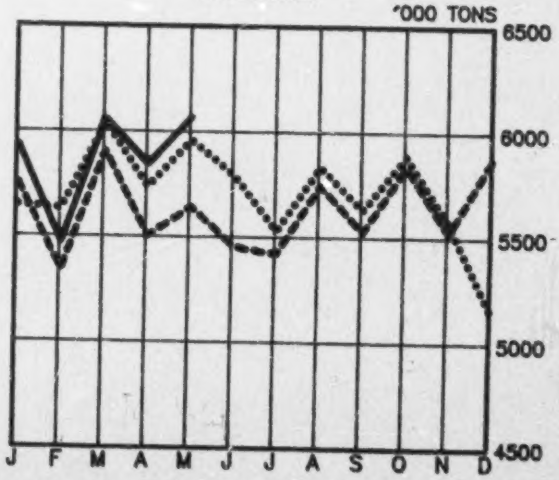
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 •••••••• 1985 ━ ━ ━ ━1986 ━━━━

IMPORTS

	YEAR 1985		1986		1986		(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
	Tons	$000	MAR. Tons	MAR. $000	APR. Tons	APR. $000		
Pulpwood Roundwood (cords)	31755	2606	356	35	7158	779	34278	-33.9
Pulpwood Chips	789382	22006	77471	2474	85773	1982	877083	-7.9
Total All Imports	16156209	7255817	1379215	621639	1261264	562486	16006313	-1.9
Wood Pulp Total	4465746	1520907	386728	123020	349100	113738	4359474	-2.3
Waste Paper	87413	10160	10019	963	8386	791	95535	14.9
Other Fibrous Materials	81430	26949	7630	2552	19770	2057	134606	32.1
Paper Board & Products Total	11521619	5697802	974839	495104	884008	445899	11416698	-2.1
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	942771	425057	855581	382486	11077895	-3.0
Paper Ppbd & Prds ex Cnst&WMB	11105154	5586077	945384	485425	853774	436546	11094984	-1.3
Paper & Paperboard Only	10821629	4962757	913317	415377	825347	373133	10756181	-2.3
Paper Total	10637428	4906882	889864	408061	798692	365820	10499964	-3.0
Newsprint	8496568	3638716	707693	300627	658842	282104	8389389	-2.2
Printing & Writing	1912867	1116225	159067	92370	122282	72901	1827263	-9.8
Uncoated Groundwood	1027211	530619	80081	43114	57681	29930	896315	-16.6
Coated Print.& Impreg. Pap.	496072	363855	35844	26080	33595	24649	440390	-28.7
Uncoated Free Sheet	364848	198432	39227	20530	27083	15425	444546	44.5
Uncoated Book	200927	106586	20464	11110	14423	7972	224138	48.6
Writing and Similar Paper	163921	91846	18763	9420	12660	7453	220407	40.6
Thin (except Cigarette)	23712	22276	3876	2606	3862	2840	45530	80.6
Bristols	1024	1043	39	40	61	57	482	-47.6
Total Pkg & Other Paper	172003	116390	18279	12095	14986	9020	223161	37.6
Unbleached Kraft Paper	63604	23976	6866	2393	7685	2812	88904	84.6
Other Pkg. & Indust. Paper	108398	92414	11414	9702	7302	6208	134258	17.8
Tissue	55991	35551	4826	2970	2582	1796	60150	12.3
Paperboard, Total	184201	55875	23452	7316	26655	7313	256217	40.2
Test or Containerboard	50975	16848	8111	2681	5237	1749	71542	33.5
Semi-Chemical Corrugating	65203	13706	7725	1561	9356	1666	86601	55.4
Other Paperboard	68023	25321	7616	3075	12062	3898	98074	33.4
Convtd Paper&Paperbd Products	283525	623320	32068	70047	28427	63413	338803	41.3
Paper Products, Total	258934	572316	29716	65109	26158	58588	312827	45.9
Paperboard Products, Total	24592	51004	2352	4939	2270	4825	25976	2.8
Wet machine Board	3270	2585	614	441	211	128	3865	31.6
Construction Paper & Board	413196	109140	28840	9238	30023	9225	317849	-23.7
Notes								
Other: No Weight Avail. ($000)		228219		15992		14137	185398	-6.2
Total Imports Incl. Other($000)		7484036		637631		576622	7355847	-3.5

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	51765	3037	1884	110	5460	422	31776	6.3
Pulpwood Chips	2116137	168814	178327	12922	159060	10830	1999383	-14.6
Total All Exports	11261281	4042068	1168251	386976	1131458	381418	13053717	15.5
Wood Pulp,Total	3791102	1352708	413823	134526	357752	126329	4443117	18.5
Cotton Pulp and Other Pulp	107224	71802	14553	7032	19465	9052	203982	119.8
Waste and Old Paper	3285926	349258	315895	31205	33827[illegible]	34609	3704745	9.3
Paper, Board & Products,Total	4077029	2268300	423980	214212	415963	211428	4701873	15.5
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3586119	1588157	383515	157220	374312	151831	4198537	18.7
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	416034	209536	407994	207796	4603797	15.0
Paper & Paperboard, Only	3517311	1548451	375569	152543	366343	148199	4100461	18.2
Paper, Total	779000	594338	78443	56002	69092	50013	850378	0.3
Newsprint	314385	131379	27326	13822	23691	11782	304310	-11.5
Printing & Writing	202826	201845	17624	16133	16542	15399	202141	-9.2
Uncoated Groundwood	36779	31727	5679	3582	4523	3008	52585	30.2
Clay Coated Paper	82461	65710	6651	5183	6457	4898	82287	-3.3
Uncoated Free Sheet	64573	77929	3964	5405	3448	4786	49368	-37.3
Other Printing & Writing	19013	26479	1330	1963	2113	2708	17901	-2.8
Total Pkg. & Other Paper	243671	242909	32050	24283	27045	20948	328287	29.4
Unbleached Kraft	67695	29931	5074	2173	6530	2543	67550	-0.6
Other Pkg. & Indust. Paper	175976	212978	26976	22109	20514	18404	260737	40.3
Tissue	18118	18205	1444	1765	1814	1885	15640	-43.1
Paperboard, Total	2738310	954113	297126	96541	297251	98186	3250083	24.0
Solid Wood Pulp	2492746	872281	267028	90258	267576	91009	2887616	20.0
Total Linerboard	1807151	480909	195200	51000	198499	52533	2113479	23.7
Bleached Kraft Linerboard	130359	45687	11748	3620	11708	4442	138375	11.5
Unbleached Kraft Linerbd	1676791	435222	183451	47380	186791	48092	1975104	24.6
Other Unbleached Kraft	100651	41053	8413	3605	13373	4639	141822	59.0
Other Bleached Kraft	523091	335026	54011	33437	52023	32903	553614	1.3
Semi-Chemical Corrugating	61853	15293	9404	2215	3681	934	78702	26.1
Recycled Paperboard	245564	81833	30098	6284	29675	7176	362466	69.8
Convtd Paper&Paperbd Products	490910	680143	40465	56992	41651	59597	503336	-5.7
Paper Products, Total	237191	464174	17227	37908	19982	40497	227152	-11.9
Paperboard Products, Total	253719	215970	23238	18084	21669	19101	276184	.0
Wet Machine Board	13380	6930	1167	549	2439	611	19100	50.5
Construction Paper & Board E	554290	32776	6779	4127	5530	3020	78976	40.2
Notes								
Other: No Weight Avail. ($000)		6618		642		606	7830	15.5
Total Exports Incl. Other($000)		4048687		387618		382024	4368544	2.6

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.

(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1984	1985	FEB. 1986	MAR. 1986	APR. 1986	MAY 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.2	287.9	289.0	290.1	291.3	289.2	-2.2
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.8	294.6	290.5	291.5	292.5	293.7	291.8	-2.0
Total Wood Pulp	395.0	347.2	330.2	335.0	333.9	345.1	335.1	-6.7
Total Paper	303.2	303.6	301.4	301.5	303.4	304.3	302.3	-0.8
Total Paper, exc. Newsprint	301.2	298.8	295.6	295.5	297.8	298.9	296.6	-1.1
Newsprint	324.1	332.9	324.8	324.3	324.1	324.1	324.3	-2.7
Total Paperboard	280.6	275.5	262.7	266.1	266.7	266.3	265.2	-7.2
Total Paper and Paperboard *	296.1	294.8	289.3	290.4	291.9	292.4	290.7	-2.7
Converted Products	280.7	288.1	285.7	286.4	287.4	288.4	286.7	-1.1
Waste Paper	240.1	148.8	136.9	139.5	146.7	149.1	140.3	-17.7
All Commodities	310.4	308.9	304.7	300.3	297.9	299.2	302.2	-2.3
Industrial Commodities	322.6	324.0	319.4	314.0	311.3	311.7	316.1	-2.3

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

Continued from Page 2

up 4.1% from January-May 1985 levels. At the same time, inventories of containerboard at mills and plants declined, with June 1, 1986 inventories 215,000 tons below the January 1, 1986 total and 611,000 tons, nearly 21%, below their year-ago level. Nearly all the containerboard produced for the domestic market is used to manufacture corrugated shipping containers (fibre boxes). The Fibre Box Association reported that the rate of fibre box shipments continued strong, with the May total 3.4% over the volume shipped in May of 1985, although down slightly from the record-high rate of April 1986. For January-May as a whole, fibre box shipments were 4.6% over their comparable 1985 total. Adjusted for seasonal and workday factors, the rate of box shipments in the first five months of 1986 was about 281 billion square feet per year, compared with the 267 billion square feet shipped in all of 1985.

Production of boxboard for domestic use has shown a strong trend, rising 6.2% from its year-earlier total. The annual rate of production, at 6.1 million tons, was also well above the 1984 and 1985 totals.

The rebound in production of paperboard for export continued last month as the effects of the declining value of the dollar permeated further into the industry's export markets. Most of this strength was concentrated in exports of unbleached kraft paperboard, which were up 17.7% from their corresponding 1985 level. Production of semi-chemical paperboard for export also showed a firm percentage growth, up 15.0%, with the volume at 177,000 tons per year. Exports of solid bleached paperboard, at 507,000 tons per year, were 7.1% above their year-ago rate. The paperboard total produced

Continued on Page 11

for export, at 2.75 million tons per year, is close to the 2.73 million tons exported in 1984.

FIBROUS MATERIALS

Both production and shipments of chemical paper grade market pulp eased slightly in May from the record high levels achieved in the earlier months of the year, but the average rate for the entire January-May period remained at record highs. Production of these grades, at 6.0 million short tons per year, was 7.3% above the comparable 1985 total, while shipments, at 6.3 million tons per year showed an 11.3% gain.

Virtually all the gains were in the bleached and semi-bleached kraft pulp sectors, with demand for the other grades showing only modest changes from year-ago levels.

The higher rate of shipments relative to production brought inventories of chemical paper grade wood pulp down by 120,000 tons in the first five months of this year. Inventories at the end of May were equivalent to 22 days of supply compared to the year ago rate of 34 days of supply.

Consumers of market pulp had increased their purchased inventories by about 10% during the first quarter of 1986, adding nearly 50,000 tons to the total. However, data for April (the latest available) show that inventories of market pulp at consumers fell about 14,000 tons during that month.

The 11% gain in shipments of chemical paper grade market pulp from U.S. mills in the first five months of 1986 was almost entirely the result of increases in exports; shipments to domestic mills in that period rose by only 1%. All major markets showed strong gains, with shipments to Western Europe (including UK) up 21% and shipments to Japan up 28%.

Total wood pulp production also continues at record high rates. Data through April 1986 show total wood pulp production about 2.7% over its year ago level (See table on page 5). The increases were concentrated in the chemical paper grades; the groundwood and semi-chemical pulps showed virtually no change from year ago levels in this period.

While the consumption of fibrous raw materials at paper and paperboard mills has more or less kept pace with this production total (see table at bottom of page 5), the use of recyclable paper in the first four months of 1986 showed a much stronger recovery than that of wood pulp. Recyclable paper use grew at 5.7%, while wood pulp increased by 1.9%. This reversed the pattern evident in 1985, when recyclable paper consumption showed a much larger decline

Continued on Page 12

than wood pulp consumption. Another indication of the rising use of recyclable papers was the gain in the waste paper utilization rate (the ratio of waste paper consumption at paper and board mills to paper and board production); the five-month 1986 rate was 23.0%, compared to 22.6% for all of 1984 and 22.3% in 1985.

CAPITAL EXPENDITURES

The Department of Commerce has recently released new data on expenditures for plant and equipment. The new data indicate that paper and allied products companies expect to spend a record high $9.1 billion on new plant and equipment in 1986, 6.7% above the previous high established in 1985 and 26% above the 1984 level.

However, the Department of Commerce also notes that in the first quarter of 1986 expenditures on new plant and equipment by paper and allied products companies was at the rate of $8.6 billion per year, seasonally adjusted, compared to $9.6 billion per year in the fourth quarter of 1985 and $8.6 billion in the third. Apparently the seasonally adjusted figures have rather large fluctuations. The Department of Commerce notes that the estimates of plant capital expenditures by business in 1986 were based on reports made in late April and early May. In order for the paper companies to achieve the projected 1986 average outlay, the government reported that expenditures will have to rise to a remarkable $9.6 billion per year by the last quarter of 1986.

These gains are in sharp contrast with the pattern shown for business as a whole and for non-durable goods in particular. For example, capital expenditures for all industry in 1986 are projected to rise by a scant 0.2% in current dollars; when adjusted for the very modest 1.5% increase in prices for new plant and equipment as projected by the Department of Commerce, expenditures in real terms show a 1.3% loss. However, much of the weakness is capital expenditures projected for manufacturing companies in 1986 reflects the decline in expenditures by petroleum companies. Excluding expenditures by petroleum companies, the data show that the remaining manufacturing industries will increase their expenditures an average 2% from in 1986, pointing to a small gain in real capital expenditures after the 1.5% increase in average prices is taken into account. The gains expected in plant and equipment expenditures are largely centered outside the manufacturing sector; the total of the manufacturing companies on even a current dollar basis is expected to decline by 2.6%, while non-manufacturing companies are expected to spend 2.1% more in 1986 than they did in 1985.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

June 30, 1986

PRODUCTION (000 TONS)

	May 86	Apr. 86	Apr. 85	Jan. - Apr. 86	Jan. - Apr. 85	% Change 86/85
PAPER GRADES						
Newsprint	492	451	461	2329	2292	1.6
Printing & Writing	1608	1606	1553	8053	7820	3.0
Uncoated Groundwood (s)	120	127	118	620	621	-0.1
Coated Paper (s)	497	510	500	2518	2619	-3.8
Uncoated Free Sheet Paper (s)	876	856	825	4339	4030	7.7
Thin Paper (s)	20	19	22	98	107	-8.1
Cotton Fiber Paper (s)	13	13	13	64	61	5.4
Bleached Bristols (s)	83	81	75	413	383	7.8
Tissue Paper	456	422	420	2144	2050	4.6
Total Pkg & Other Paper	453	443	445	2182	2191	-0.4
Unbleached Kraft Packaging & Indl. Converting (s)	297	293	291	1436	1435	0.1
Other Paper *	157	151	154	746	755	-1.2
TOTAL PAPER	3009	2923	2878	14708	14353	2.5
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1529	1424	1391	7236	6884	5.1
Unbleached Kraft Linerboard	1411	1348	1290	6681	6415	4.2
Other Unbl. Kraft Paperboard	119	76	101	555	469	18.2
Semichemical Paperboard	457	443	423	2198	2102	4.5
Bleached Paperboard	373	361	324	1804	1654	9.1
Recycled Paperboard	705	697	630	3444	3167	8.8
TOTAL PAPERBOARD	3065	2926	2769	14682	13807	6.3
TOTAL PAPER AND PAPERBOARD	6074	5849	5647	29391	28161	4.4

WOOD PULP (ALL GRADES)	Apr. 86	Mar. 86	Apr. 85	Jan. - 86 -	Apr. 85	% Change 85/84
Dissolving & Special Alpha	97	109	104	408	427	-4.4
Bleached Sulfite	119	114	123	464	469	-1.0
Unbleached Sulfite	14	14	17	56	80	-29.9
Bleached & Semi-Bl. Sulfate	2000	2045	1833	7967	7577	5.1
Unbleached Sulfate	1570	1749	1533	6645	6496	2.3
Semichemical	347	346	333	1350	1344	0.4
Groundwood & Thermomechanical	457	467	451	1812	1812	.0
TOTAL PULP DIVISION DATA	4604	4844	4394	18700	18204	2.7

(s) - Shipments
P - Preliminary
R - Revised

JUNE 30, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1984	1985	Mar	Apr	May	1986	
Total Production (API).......: excluding :...	68450	67063	6065	5849	6074	70537	4.4
Total Seasonally Adjusted....:construction:...			5706	5846	5856	69656	4.4
Imports (including Products).: and wet :..E	10576	11106	945	854	N.A.	10976	-2.6
Exports (including Products).: machine :..E	4309	4009	416	408	N.A.	4643	18.6
Apparent Consumption.........: grades :...	74717 a	74160 b	6235	6292	6331	75989 c	2.6
Paper Production % Tonnage Capacity...........	92.7 g	90.6 g	92.7	91.9	91.3	92.5 gh	-
Paperboard Production % Tonnage Capacity......	94.6 g	89.9 g	94.5	93.7	94.6	93.8 g	-
			Feb	Mar	Apr		
IMPORTS.....:Including Construction and :...	11075	11521	989	975	884	11417	-2.1
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	356	424	416	4702	15.5
			Feb	Mar	Apr		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6898	6800	589	636	590	7310	4.1
TOTAL WOOD PULP PRODUCTION - Tons (000).........	55470	54170	4407	4844	4604	56101	2.7
WOOD PULP IMPORTS - TONS (000)..................	4490	4466	335	387	349	4359	-2.3
WOOD PULP EXPORTS - TONS (000)..................	3594	3791	342	414	358	4443	18.5
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			Feb	Mar	Apr		
Wood Pulp.............:consumption for:.....	54562	53297	4277	4739	4461	54579	1.9
Waste Paper...........:construction & :.....	15926	15290	1287	1413	1345	16329	5.7
TOTAL..........: WMB grades :.....	70488	68632	5564	6152	5806	70908	2.8
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7261	7478	7742	91083	4.0
EMPLOYMENT (000)			Feb	Mar	Apr		
Paper and Allied Products..........Total......	682.3	683.3	682.4	684.9	685.1	684.6	0.8
Pulp, Paper and Board Mills........Total.....E	263.9	257.7	254.2	254.1	251.0	253.4	-2.5
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	10.44	10.82	10.99	11.02	11.05	11.04	3.3
Pulp, Paper Mills..........................E	12.45	13.11	13.31	13.36	13.42	13.39	4.3
Paperboard Mills...........................E	12.99	13.60	13.76	13.87	13.90	13.86	3.8
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q3	1985 Q4	1986 Q1		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.53	8.64	9.60	8.46	8.85y	3.8
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			Mar	Apr	May		
:IN PULP, PAPER :...Production Workers..........	125.5	125.2	128.9	132.7	132.2	130.8	5.1
:AND BOARD MILLS:...All Employees...............	123.9	124.1	128.8	132.6	132.3	130.7	6.4
PAPER AND ALLIED PRODUCTS (Million $)			Mar	Apr	May		
Industry Shipments (Dept. of Commerce)*........	95990	97664	8462	8917	8877	104592	7.6
Pulp, Paper and Paperboard*..................	41539	41830	3587	3745	3694	43994	4.8
Inventories (End of Period) - Total Industry*..	9701	9728	9781	9763	9774	9774	1.0
- Pulp, Paper and Paperboard*.................	3662	3800	3930	3901	3880	3880	2.8
			1985 Q3	1985 Q4	1986 Q1		
Sales (Corporations Only)......................	71891	71465	17868	17694	17575	70300	-0.8
Earnings (Corporations Only)...................	3015	2880	597	695	589	2356	-17.7
Depreciation (Corporations Only)...............	2798	3099	802	775	820	3280	7.5
Net Worth (Corporations Only)..................	28160	29694	29564	29780	30033	30033	2.9
PRICE INDEXES (Bureau of Labor Stats)1967=100			Mar	Apr	May		
Pulp, Paper & Products, ex. Building Grades....	292.9	292.2	289.0	290.1	291.3	289.2	-2.2
Wood Pulp......................................	395.0	347.2	335.0	333.9	345.1	335.1	-6.7
Waste Paper....................................	240.1	148.8	139.5	146.7	149.1	140.3	-17.7
Paper..	303.2	303.6	301.5	303.4	304.3	302.3	-0.8
Paperboard.....................................	280.6	275.5	266.1	266.7	266.3	265.2	-7.2
PAPER DEMAND (INDEXED: 1977=100)			Mar	Apr	May		
Total Paper Production *......................	124.0	122.9	124.4	126.9	127.9	126.1	2.6
Paper New Supply *............................	127.6	128.8	129.9	128.9	135.8	131.6	2.0
Demand Indicators - (Weighted Average) *.....	136.7	142.1	144.1	144.8	145.5	144.6	3.0
Production of Nondurable Goods *...(21.2%).	122.5	125.5	128.0	128.8	128.9	128.7	3.8
Disposable Income ....*.(23.9%)	124.0	126.8	129.2	129.5	130.7	129.3	2.1
Total Printing and Publishing *...(54.9%).	147.8	155.1	156.7	157.7	158.3	157.4	3.2
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.................	117.3	114.3	119.8	117.5	120.9	119.9	6.2
Production for Domestic Use	115.2	112.8	118.7	113.9	119.2	117.9	5.5
Demand Indicators - (Weighted Average) *.....	118.3	120.3	122.0	120.8	121.9	121.7	1.8
Production of Consumer Goods *...(62.06%)	118.2	120.7	123.2	122.1	123.6	123.2	3.1
Production of Equipment *...(5.75%)	140.5	147.1	145.5	143.4	143.6	144.6	-1.0
Production of Materials *...(32.19%)	114.6	114.7	115.4	114.3	114.6	114.9	-0.2
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
NEWSPRINT MARKETS			Feb	Mar	Apr		
Consumption by Publishers - Tons (000).........	12602	12773	971	1107	1103	12579	3.2
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	460.4	458.7	461.0	1378	2.3
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)...........	157798	153945	11852	13733	13541	146163	-1.3
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	2911	3169	3213	37557	11.5
Inventories (End of Period).	2724	3155	3137	3169	3157	3157	5.8
FIBRE BOX DATA (Fibre Box Association)			Mar	Apr	May		
Fibre Box Shipments (Million square feet).......	267549	267451	22446	25245	23365	281568	5.5
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2518	2439	2334	2334	-20.7
RETAIL TRADE (Million $)			Mar	Apr	May		
Total Retail Sales *..........................	1291835	1378161	116684	117139	117053	1405666	3.6
Nondurable Goods Stores Sales *...............	841417	866541	73405	72535	72344	876266	2.3
GENERAL ECONOMIC DATA			Mar	Apr	May		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.5	124.4	125.0	124.2	125.2	1.0
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.4	308.8	300.3	297.9	299.2	302.2	-2.3
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	326.0	325.3	326.3	326.7	2.5
			Mar	Apr	May		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	549.9	545.6	550.2	556.8	550.2	0.1
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q3	1985 Q4	1986 Q1		
G.N.P. or Expenditure - Current $..............	3774.7	3988.6	4016.9	4059.3	4116.7	4116.7	5.1
G.N.P. or Expenditure - 1982 $.................	3492.0	3570.0	3584.1	3590.8	3619.2	3619.2	2.0

	lb/capita			
	Pap&Papbd	Othr	Totl	Popul(mil)
.a	- 631	+ 21	= 652	236.7
.b	- 624	+ 21	= 645	238.6
.c	- 645	+ 21	= 666	240.0e

.e - estimated by API

E - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.

A1500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 7 JULY 1986

Paper and Paperboard Production: Maintaining Strength

The rate of paper and paperboard production remained in the 70 million tons per year range in June, closing out the first half 1986 total at 4.8% above that of the first six months of 1985. The first half 1986 seasonally adjusted annual rate of production of 70.1 million tons, was 2.4% above the previous annual high established in 1984.

Most of the advances in current output over last year continue to occur in the paperboard grades, with recycled and semichemical paperboard leading the way with year-to-year gains at 8.1% and 8.8% respectively. The major tonnage increases, however, were in kraft paperboard; the first half 1986 production annual rate of 17.5 million tons represents a 1.1 million tons per year (6.6%) increase over its year-earlier rate and a 300,000 tons per year increase (1.8%) over the record high 1984 level. This strength in total paperboard production reflects, in part, the improving export markets for paperboard as evidenced by the 14.3% increase in total paperboard output for export relative to a year ago in the first half of the year. If maintained throughout the year, the annual rate of 2.8 million tons posted so far would indicate an advance of 10.5% above the total for 1985. Domestic demand has also been a strong component of paperboard; containerboard and boxboard production for domestic use for the first half of 1986 were 5.6% and 5.9% above the comparable January-June 1985 totals.

Total paperboard production in the first half of the year gained 7.0% over the sluggish January-June 1985 rate; paper production, which was somewhat stronger than paperboard for this same period in 1985, showed a 2.8% gain in the first half of this year.

Paper: Overall, total paper production has been holding the high trend established in the first month of this year. On a seasonally adjusted basis, the tonnage in each of the past three months remained near the record high 35.1 million tons per year average.

Continued on Page 2

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Continued from Page 1

Among the major paper grades, production of uncoated free sheet papers continues its strong trend. The 8.2% gain in the first half of this year over the first two quarters of 1985 is due in large part to a 14.5% rise in U.S. shipments to business form converters, which accounted for more than a quarter of the domestically produced uncoated free sheet used in the U.S. last year. The other major uncoated free sheet markets -- commercial printing and office reprographics -- are also healthy, up 5.8% and 5.6% over year ago levels respectively. At the same time, imports have moved sharply upward, gaining 37.0% over the same period of last year while exports declined nearly 35%. At 450,000 tons per year, imports accounted for about 4% of the total new supply of uncoated free sheet.

The rate of newsprint production has made a slow recovery over the last two months to bring the year-to-date total to nearly 2% above its year-ago level. Consumption by publishers continues to bolster demand and climbed again in May. Tissue paper is also doing well so far this year, with, at an annual rate 3% above the 1985 total. Imports are still relatively high however, at nearly 20% above a year ago, accounting for about 1.5% of total new supply.

Paperboard: While total paperboard has shown a larger gain than paper in the January-June period, up 7.0% from its comparable year-earlier level, the seasonally adjusted average production rate of 34.8 million tons per year was only 2.2% ahead of the 1984 record total. Production of paperboard in the first half of 1985 was depressed by sizable reductions in mill and plant inventories, thus distorting 1986-1985 comparisons.

As the table on page 3 shows, production of containerboard for domestic use gained 5.6% over its year-ago level and 1.2% over its 1984 total. When the effects of inventory changes at mill and boxplants are taken into account, the 1986 rate shows a 5.2% gain over the comparable 1985 total and a 4.4% gain over the 1984 level. This compares to a 3.1% gain in production of consumer goods from 1985 to 1986 -- a major market for corrugated shipping containers -- and a 4.2% gain from 1984 to 1986. Total corrugated box shipments rose by 5.2% from the 1984 level to the first half of 1986.

Production of boxboard for domestic use in the first half of 1986 was 5.9% above year ago levels. Boxboard was not particularly affected by changes in inventories, and the 1985-1986 comparisons offer good indications of current use trends. Production of other paperboard for domestic use -- largely non-packaging grades such as gypsum wallboard facings and panelboard -- were up 10.2%, with the year-to-date rate 9.5% above

Continued on Page 11

PAPER AND PAPERBOARD STATISTICS

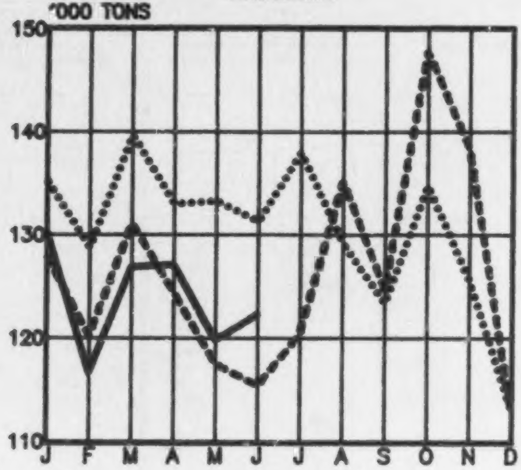
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR		MAR.	APR.	MAY	JUNE	Annual Rate Y-T-D	% Change From same Period Last Year
	1984	1985	1986	1986	1986	1986	1986	
PAPER								
Newsprint - Production	5539	5428	489	451	492	463	5582	1.8
- Shipments	5584	5417	479	458	489	469	5509	1.0
Printing & Writing sum	18397	18450	1661	1606	1608	1610	19327	4.0
Groundwood Paper - Shipments	1565	1516	127	127	120	122	1485	0.9
- New Orders	1575	1477	128	138	104	140	1540	8.3
-Unfilled Orders	140	106	115	126	114	138	138	17.7
Coated Papers - Shipments	6249	5875	504	510	497	506	6049	-1.8
- New Orders	6281	5642	533	498	500	525	6188	7.0
- Unfilled Orders	575	393	428	421	426	443	443	5.9
Unctd Free Sheet - Shipments	9207	9750	910	856	876	876	10430	8.2
- New Orders	8939	9704	879	858	897	867	10430	9.0
- Unfilled Orders	430	509	466	470	496	488	488	1.1
Thin Papers - Shipments	267	241	19	19	20	18	232	-6.6
Cotton Fiber Paper - Shipments	147	144	13	13	13	13	155	5.6
Bleached Bristols - Production	961	924	88	81	83	75	976	5.5
Tissue Paper - Production	4921	4941	436	424	444	421	5109	3.5
Total Packaging & Other Paper	5555	5202	445	442	435	417	5167	-0.8
Unbl. Kraft Paper - Shipments	3666	3403	295	292	282	274	3399	.0
Other Paper - Production	1889	1799	150	150	153	143	1768	-2.3
TOTAL PAPER-Production-Unadj.	34411	34021	3031	2923	2979	2911	35186	2.8
-Production-S.A.			2871	2929	2923	2937	34931	2.7
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25404	2326	2229	2360	2308	27091	6.6
Total Unbl. Kraft Paperboard	17185	16368	1496	1424	1529	1508	17487	6.6
Unbl. Kraft Linerboard (1)	16037	15183	1345	1348	1411	1385	16132	5.8
Production for Export	2086	1830	199	156	169	181	2061	16.8
Other Unbl. Kraft Paperboard	1149	1184	151	76	119	123	1355	16.3
Semichemical Paperboard	5169	5088	452	443	457	452	5301	5.2
Production for Export	149	189	15	15	13	15	178	12.0
Solid Bleached Paperboard	4048	3948	378	361	373	347	4302	8.8
Production for Export	478	466	44	50	46	43	508	6.7
Recycled Paperboard	7637	7630	708	697	705	670	8230	8.1
Production for Export	17	26	2	2	2	3	26	-0.6
TOTAL PAPERBOARD-Prod.-Unadj.	34039	33034	3034	2926	3065	2978	35320	7.0
- Containerboard Prod.(Dom. Use)	20993	20042	1795	1753	1862	1810	21238	5.6
- Boxboard Prod.(Dom. Use) (2)	5783	5673	535	504	514	485	6042	5.9
- All Other P'bd Prod.(D.U.) (2)	4531	4808	445	445	459	441	5266	10.2
- Total Paperbd Prod. for Export	2731	2511	260	223	230	242	2774	14.3
TOTAL PAPERBOARD PROD.- S.A.			2835	2917	2903	2931	34800	6.8
TOTAL PAPER AND PAPERBOARD								
Production - actual	68450	67055	6065	5849	6044	5889	70506	4.9
Production - S.A.			5705	5847	5826	5868	69732	4.7

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

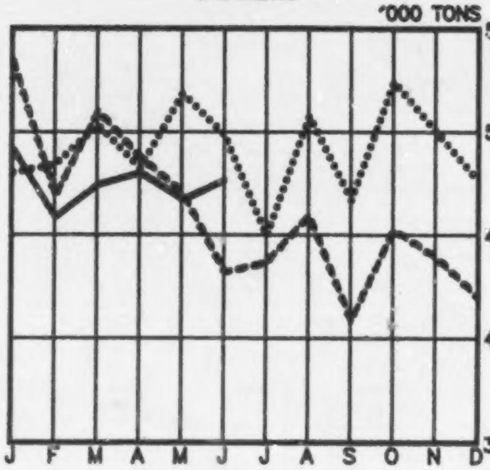
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



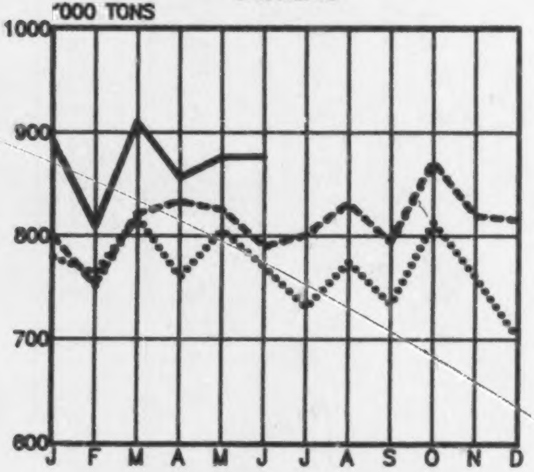
COATED PAPER

SHIPMENTS



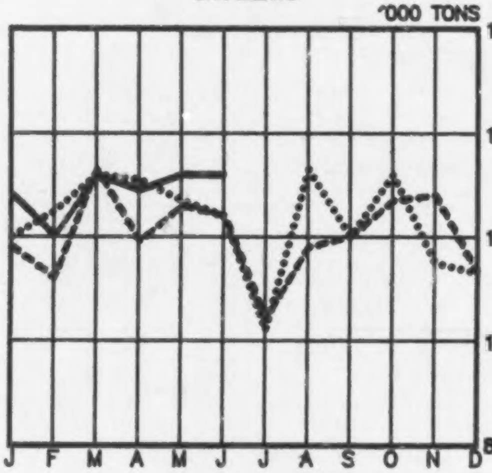
UNCOATED FREE SHEET PAPERS

SHIPMENTS



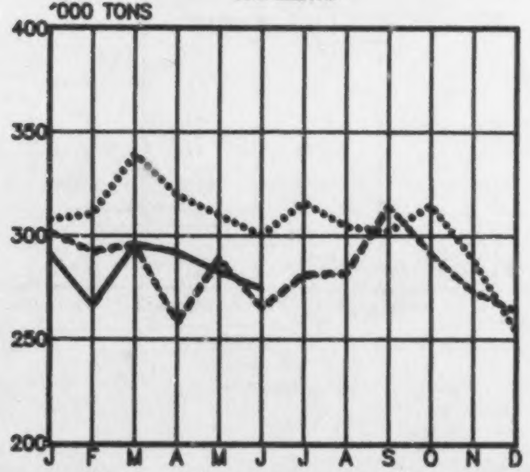
COTTON FIBER PAPER

SHIPMENTS



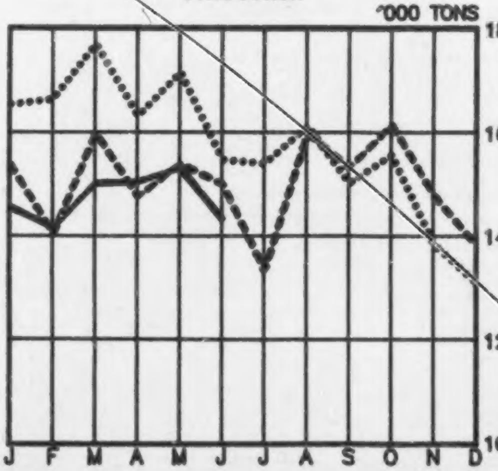
UNBLEACHED KRAFT PACKAGING
AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 ········ 1985 ▬ ▬ ▬ 1986 ▬▬▬

WOOD PULP STATISTICS
(Thousands of Tons)

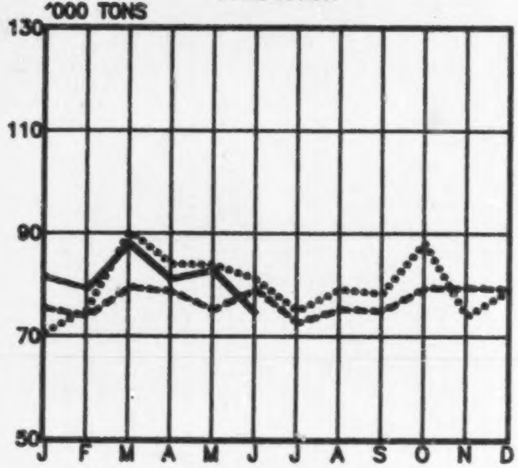
	YEAR 1984	1985	FEB 1986	MAR 1986	APR 1986	MAY 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	55470	54170	4407	4844	4763	4732	56617	3.8
- Imports	4490	4466	335	387	349	422	4501	0.4
- Exports	3594	3791	342	414	358	365	4431	18.5
- New Supply	56367	54844	4399	4816	4754	4789	56688	2.5
Dissolving Pulp - Production	1206	1174	95	109	97	110	1242	-3.9
- Imports	161	175	13	22	22	13	242	45.7
- Exports	595	631	48	57	62	63	683	-0.8
- New Supply	772	718	60	74	58	60	800	4.0
Paper Grades Chemical Pulp - Production	44690	43696	3576	3922	3859	3819	45855	4.8
- Imports	4023	4104	317	361	320	385	4153	1.1
- Exports	2945	3131	288	340	292	299	3671	21.5
- New Supply	45767	44668	3605	3942	3887	3905	46338	3.3
Groundwood and Thermo-Mech. - Production	5506	5251	425	467	459	464	5466	1.1
- Imports	306	187	4	5	7	24	106	-49.0
- Exports	54	29	6	16	4	3	77	154.3
- New Supply	5758	5409	424	455	462	484	5496	-1.6
Semi-Chemical - Production	4069	4050	311	346	347	340	4054	-0.4
- Imports			- - - - - Included in Groundwood Pulp - - - - -					
- Exports								
- New Supply	4069	4050	311	346	347	340	4054	-0.4
MARKET WOOD PULP								
Total Market Wood Pulp - Production	6898	6800	589	636	587	613	7313	5.7
- Imports	2968	2791	221	270	247	281	3036	9.6
- Exports	3511	3784	365	391	355	321	4369	15.8
- New Supply	6355	5807	445	515	479	573	5980	1.1
Dissolving Pulp - Production	1205	1171	94	108	97	109	1233	-4.6
- Imports	204	174	8	22	22	10	209	14.8
- Exports	690	666	57	55	66	57	693	-1.8
- New Supply	718	679	45	75	52	61	749	-2.6
Paper Grades Chemical Pulp - Production	5680	5605	495	526	491	503	6071	8.2
- Imports	2664	2531	210	244	221	253	2746	9.2
- Exports	2821	3117	308	336	289	264	3677	19.9
- New Supply	5523	5019	397	434	422	492	5140	1.6
Groundwood Pulp and All Other - Production	14	24	0	2	0	1	9	-25.5
- Imports	100	86	3	4	4	19	81	11.1
- Exports	1	1	0	0	0	0	0	0.0
- New Supply	114	109	3	6	4	20	91	9.4

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

FIBROUS RAW MATERIALS
(Thousands of tons)

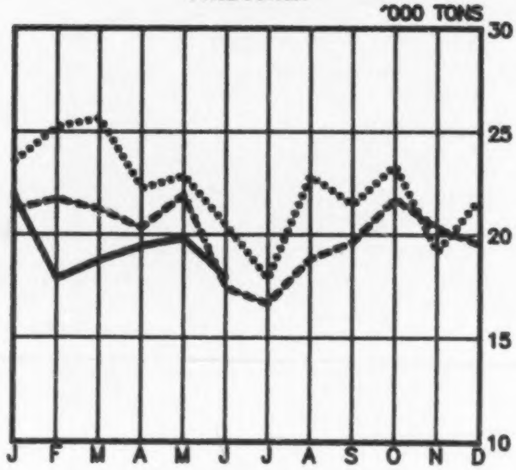
CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	70488	68625	5564	6152	5964	6094	71732	4.2
Total Wood Pulp	54562	53297	4277	4739	4619	4668	55243	3.1
Waste Paper	15926	15290	1287	1413	1345	1427	16490	7.9
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	174	164	157	143	149	172	172	-1.5
Producers' Market Inventories	585	486	422	372	365	355	355	-36.7
Consumers' Purchased Inventories	545	492	528	543	529	486	486	-2.6
Waste Paper at Paper & Bd. Mills	1053	978	906	874	878	832	832	-15.8
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	25	20	20	21	21	-38.2

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons



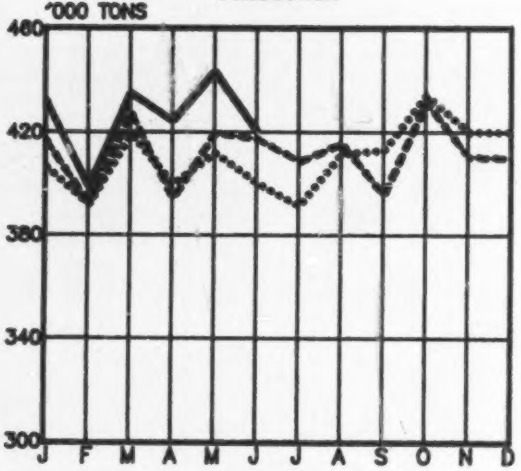
BLEACHED BRISTOLS

PRODUCTION



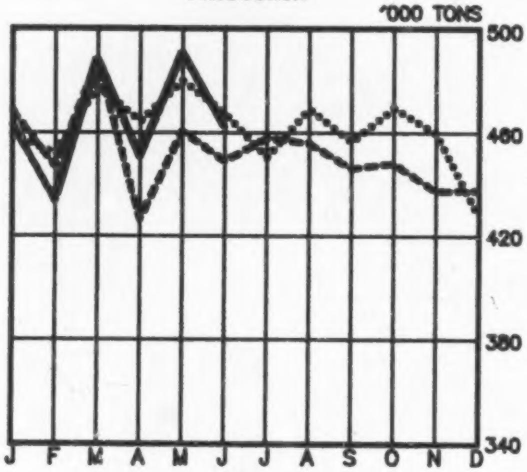
THIN PAPER

PRODUCTION



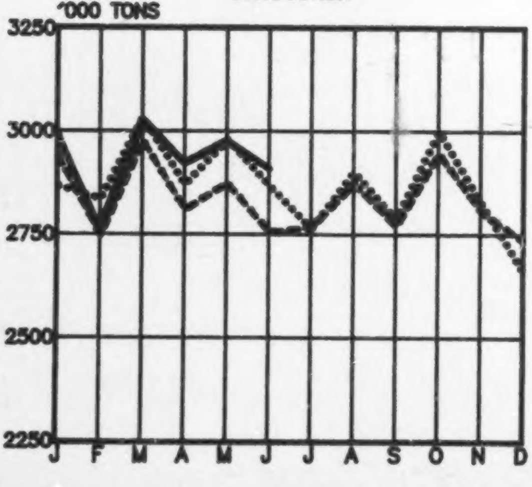
TISSUE PAPER

PRODUCTION



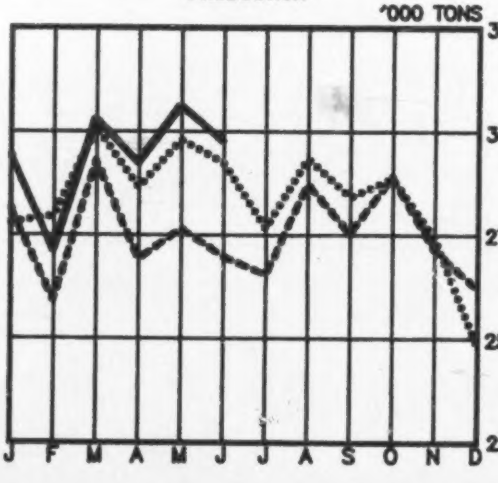
NEWSPRINT

PRODUCTION



TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION

1984 •••••••• 1985 ‒‒‒‒‒ 1986 ———

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR							
		1984	1985	FEB. 1986	MAR. 1986	APR. 1986	MAY 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	88876	85503	7483	7294	7591	7277	90559	4.8
	- Total Consumpt	87646	85744	7261	7478	7742	7499	90864	4.4
	- Residues *	32072	30447	2668	2623	2974	2864	33530	9.7
	- Inventories	5574	5046	5807	5433	5335	4910	4910	-0.8
So. Atlantic	- Total Receipts	27654	27589	2393	2410	2573	2381	29813	8.2
	- Total Consumpt	27344	27815	2350	2436	2551	2395	29462	5.9
	- Residues *	8198	7970	772	699	802	816	9425	19.8
	- Inventories	1444	1117	1210	1243	1147	1117	1117	-6.5
Northeast	- Total Receipts	7665	7430	665	625	520	526	7181	-5.3
	- Total Consumpt	7474	7394	601	635	639	573	7474	-4.9
	- Residues *	1501	1539	111	125	138	118	1445	-10.4
	- Inventories	590	544	560	540	411	360	360	-18.6
South Central	- Total Receipts	30693	29786	2596	2454	2604	2539	31402	3.4
	- Total Consumpt	30502	29914	2546	2572	2623	2711	31774	4.7
	- Residues *	9059	9207	764	763	829	823	9694	3.3
	- Inventories	1304	1198	1418	1279	1262	1087	1087	-9.4
North Central	- Total Receipts	6872	6430	616	504	423	484	6353	-1.0
	- Total Consumpt	6563	6296	533	548	567	567	6648	3.5
	- Residues *	1472	1290	94	85	92	88	1094	-19.7
	- Inventories	906	884	1061	970	873	807	807	-3.1
West	- Total Receipts	15992	14264	1213	1301	1471	1347	15811	9.3
	- Total Consumpt	15763	14325	1231	1287	1362	1253	15506	6.4
	- Residues *	11842	10458	927	951	1113	1019	11873	14.8
	- Inventories	1330	1303	1558	1401	1642	1539	1539	20.0

* - Consumption of Residues in Cord Equivalents.

SOURCE: American Pulpwood Association

15-Jul-86

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1985		APR. 1986		MAY 1986			
	Tons	$000's	Tons	$000's	Tons	$000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	6058	463	8874	685	46080	10.9
Pulpwood chips	788486	21955	85257	1978	90332	2126	915511	-3.1
Wood Pulp, Total	4020736	1385871	324954	106464	360134	121048	3768202	-7.1
Waste Fibrous Materials, Total	144564	26371	11909	1845	14140	2409	160777	-3.0
Paper, Board & Products, Total	9734523	4306694	748067	332781	873125	390204	9771043	-0.4
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	738696	317105	861898	373452	9653552	-0.8
Paper, Paperboard & Products	9380235	4215314	725994	326252	848553	382889	9518759	1.0
Paper & Paperboard, Only	9286408	4073606	716623	310576	837326	366137	9401268	0.6
Paper, Total	9132128	4030872	695984	305384	816950	360744	9183129	-0.2
Newsprint	8117986	3496944	626182	269804	726641	313619	8197536	-0.6
Printing, Writing & Rel. Pap.	841500	435561	55935	28625	72746	38034	790538	-0.1
Pack. & Ind. Conv. Paper	124100	64640	11442	5152	14330	6631	159172	42.5
Special Industrial Paper	3463	5393	265	451	387	650	4317	38.8
Tissue Paper	45081	28334	2159	1352	2846	1809	31567	-34.3
Paperboard, Total	154360	42734	20639	5192	20376	5393	218138	44.2
Convtd Paper&Paperbd Products	93747	141708	9371	15676	11227	16753	117491	58.1
Wet Machine Board	2184	1481	205	124	178	121	2296	16.9
Construction Paper & Board	352104	89898	21868	6404	24394	7194	249989	-35.1

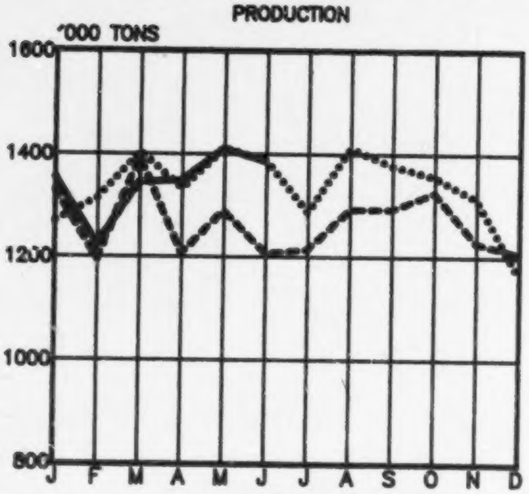
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	4954	399	7834	494	38450	-0.9
Pulpwood chips	82626	4780	9228	509	1508	100	67212	-21.8
Wood Pulp, Total	203934	79541	22860	6379	16678	5108	272489	36.5
Cotton Pulp & Other Pulp	15083	6252	2397	816	1065	498	24866	114.5
Waste Paper	209087	23249	14592	1459	14582	1527	175606	-18.3
Paper, Board & Products, Total	736140	485290	78605	39538	60683	34541	908643	20.5
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	66282	27183	49306	24766	755920	28.1
Paper, Paperboard & Products	710785	473839	76042	38664	58516	33675	881054	20.8
Paper & Paperboard, Only	554413	322162	63719	26308	47140	23900	728331	28.8
Paper, Total	271754	223971	26134	16572	20544	16751	310222	0.2
Newsprint	3757	3276	319	240	375	335	3118	-16.3
Printing, Writing & Rel. Pap.	133800	118625	10728	8653	10265	8862	123282	-22.5
Pack. & Ind. Conv. Paper	41327	23536	1717	1120	2418	1444	29481	-38.2
Special Industrial Paper	90071	74893	13095	6114	7322	5055	151732	57.5
Tissue Paper	2799	3641	275	444	164	255	2610	1.2
Paperboard, Total	282658	98191	37585	9736	26596	7149	418109	63.3
Convtd Paper&Paperbd Products	156372	151676	12323	12356	11376	9775	152723	-6.7
Wet Machine Board	5786	4243	1263	295	1103	442	9441	84.3
Construction Paper & Board	19570	7209	1299	579	1064	424	18148	-6.8

SOURCE: Bureau of Census, Department of Commerce .

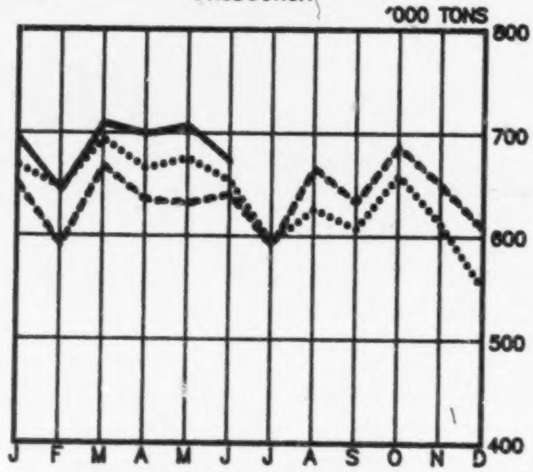
E - Estimate of tonnage based on square foot data

15-Jul-86



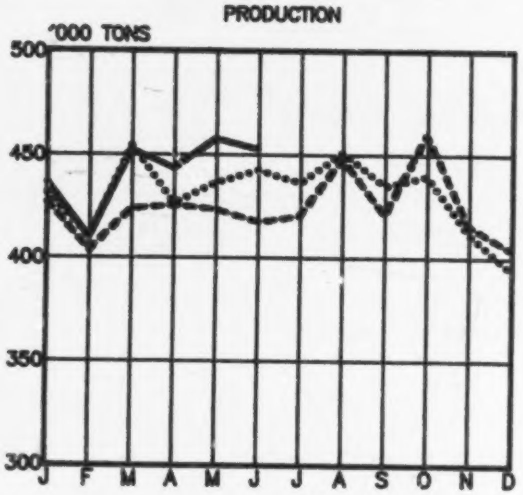
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



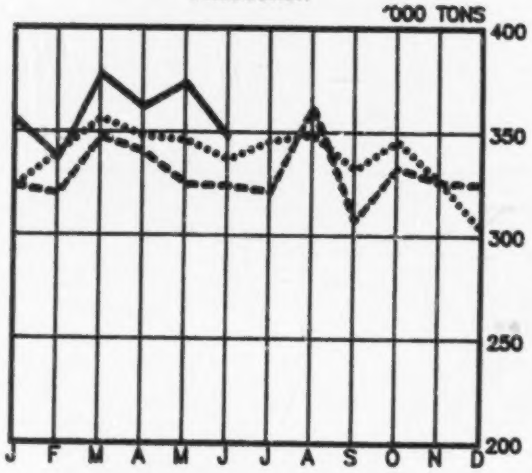
RECYCLED PAPERBOARD

PRODUCTION



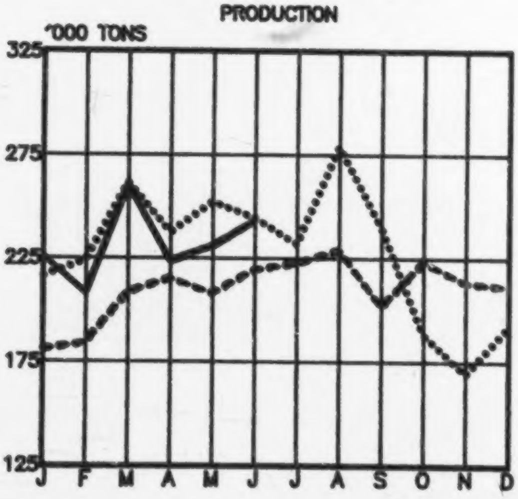
SEMICHEMICAL PAPERBOARD

PRODUCTION



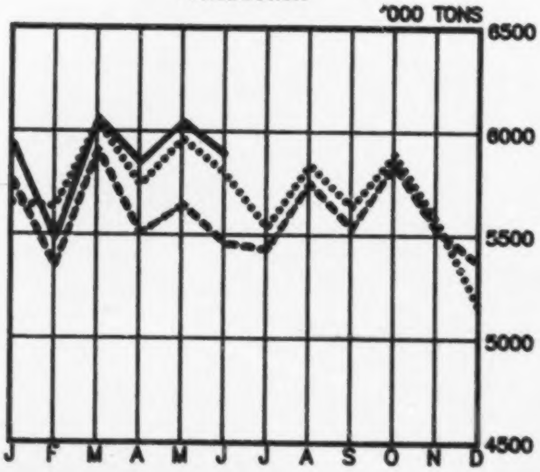
SOLID BLEACHED PAPERBOARD

PRODUCTION



PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION

1984 •••••••• 1985 ------ 1986 ——

PULP PAPER AND PAPERBOARD IMPORTS AND EXPORTS DATA

I M P O R T S

	YEAR 1985		1986		1986		(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
	Tons	$000	APR. Tons	APR. $000	MAY Tons	MAY $000		
Pulpwood Roundwood (cords)	31755	2606	7158	779	8874	685	48720	-23.2
Pulpwood Chips	789382	22006	85773	1982	90371	2139	918557	-3.0
Total All Imports	16156209	7255817	1261264	562486	1470035	657714	16333134	-0.2
Wood Pulp Total	4465746	1520907	349100	113738	422443	139836	4501442	0.4
Waste Paper	87413	10160	8386	791	8977	939	97973	19.0
Other Fibrous Materials	81430	26949	19770	2057	9137	2347	129614	23.5
Paper Board & Products Total	11521619	5697802	884008	445899	1029478	514593	11604105	-0.8
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	855581	382486	996569	450406	11254080	-1.8
Paper Ppbd & Prds ex Cnst&WMB	11105154	5586077	853774	436546	996323	503571	11267163	.0
Paper & Paperboard Only	10821629	4962757	825347	373133	963414	439384	10917138	-0.9
Paper Total	10637428	4906882	798692	365820	940079	432735	10656159	-1.7
Newsprint	8496568	3638716	658842	282104	751706	323052	8515606	-0.9
Printing & Writing	1912867	1116225	122282	72901	164285	94503	1856094	-8.9
Uncoated Groundwood	1027211	530619	57681	29930	83528	43931	917519	-16.4
Coated Print.& Impreg. Pap.	496072	363855	33595	24649	38079	27066	443702	-24.0
Uncoated Free Sheet	364848	198432	27083	15425	39211	20800	449743	37.0
Uncoated Book	200927	106586	14423	7972	21903	11208	231877	31.4
Writing and Similar Paper	163921	91846	12660	7453	17309	9592	217866	43.5
Thin (except Cigarette)	23712	22276	3862	2840	3398	2618	44579	68.7
Bristols	1024	1043	61	57	69	89	550	-42.8
Total Pkg & Other Paper	172003	116390	14986	9020	18632	11659	223246	39.4
Unbleached Kraft Paper	63604	23976	7685	2812	8781	3296	92197	95.4
Other Pkg. & Indust. Paper	108398	92414	7302	6208	9851	8363	131049	16.0
Tissue	55991	35551	2582	1796	5456	3520	61213	19.8
Paperboard, Total	184201	55875	26655	7313	23336	6649	260979	43.6
Test or Containerboard	50975	16848	5237	1749	5998	2056	71628	36.3
Semi-Chemical Corrugating	65203	13706	9356	1666	10175	2154	93701	53.9
Other Paperboard	68023	25321	12062	3898	7163	2440	95651	40.0
Convtd Paper&Paperbd Products	283525	623320	28427	63413	32909	64187	350025	44.3
Paper Products, Total	258934	572316	26158	58588	30246	59455	322851	47.9
Paperboard Products, Total	24592	51004	2270	4825	2664	4732	27174	12.4
Wet machine Board	3270	2585	211	128	221	162	3623	14.0
Construction Paper & Board	413196	109140	30023	9225	32933	10860	333316	-23.2
Notes								
Other: No Weight Avail. ($000)		228219		14137		17702	190803	-6.6
Total Imports Incl. Other($000)		7484036		576622		675416	7505675	-1.3

E X P O R T S

							(1)	
Pulpwood, Roundwood (cords)	51765	3037	5460	422	7834	494	44222	12.5
Pulpwood Chips	2116137	168814	159060	10830	265091	19606	2235725	.0
Total All Exports	11261281	4042068	1131458	381418	1091908	398412	13063552	18.3
Wood Pulp, Total	3791102	1352708	357752	126329	365182	139376	4430930	18.5
Cotton Pulp and Other Pulp	107224	71802	19465	9052	11404	6473	190555	120.4
Waste and Old Paper	3285926	349258	338278	34609	300736	32047	3685562	14.2
Paper, Board & Products, Total	4077029	2268300	415963	211428	414586	220517	4756504	19.4
Paper, Paperboard, Wet Machine Bd. & Construction Paper & Board	3586119	1588157	374312	151831	370575	165078	4248211	23.0
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	407994	207796	407581	216442	4661232	19.1
Paper & Paperboard, Only	3517311	1548451	366343	148199	363571	161004	4152938	22.7
Paper, Total	779000	594338	69092	50013	70974	55465	850641	3.4
Newsprint	314385	131379	23691	11782	28888	14773	312780	-4.8
Printing & Writing	202826	201845	16542	15399	15165	15117	198110	-9.3
Uncoated Groundwood	36779	31727	4523	3008	2670	2003	48475	27.6
Clay Coated Paper	82461	65710	6457	4898	6889	5138	82362	-1.6
Uncoated Free Sheet	64573	77929	3448	4786	4259	6026	49717	-34.6
Other Printing & Writing	19013	26479	2113	2708	1348	1949	17556	-14.8
Total Pkg. & Other Paper	243671	242909	27045	20948	25741	24081	324408	29.0
Unbleached Kraft	67695	29931	6530	2543	11358	4439	81298	18.9
Other Pkg. & Indust. Paper	175976	212978	20514	18404	14384	19642	243111	32.8
Tissue	18118	18205	1814	1885	1180	1493	15343	-36.7
Paperboard, Total	2738310	954113	297251	98186	292596	105539	3302297	28.9
Solid Wood Pulp	2492746	872281	267576	91009	268289	99033	2953986	26.4
Total Linerboard	1807151	480909	198499	52533	192617	54417	2153064	31.5
Bleached Kraft Linerboard	130359	45687	11708	4442	17643	5964	153044	32.8
Unbleached Kraft Linerbd	1676791	435222	186791	48092	174974	48453	2000020	31.4
Other Unbleached Kraft	100651	41053	13373	4639	16386	6469	152783	69.4
Other Bleached Kraft	523091	335026	52023	32903	55852	37194	576935	5.0
Semi-Chemical Corrugating	61853	15293	3681	934	3435	953	71204	18.9
Recycled Paperboard	245564	81833	29675	7176	24308	6507	348312	54.2
Convtd Paper&Paperbd Products	490910	680143	41651	59597	44010	55438	508293	-3.8
Paper Products, Total	237191	464174	19982	40497	20449	36441	230798	-9.9
Paperboard Products, Total	253719	215970	21669	19101	23562	18998	277495	2.1
Wet Machine Board	13380	6930	2439	611	1672	651	19293	41.2
Construction Paper & Board E	55429	32776	5530	3020	5333	3423	75979	35.3
Notes								
Other: No Weight Avail. ($000)		6618		606		725	8005	17.5
Total Exports Incl. Other($000)		4048687		382024		399137	4452765	6.8

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.

(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES

1967 = 100

	1984	1985	MAR. 1986	APR. 1986	MAY 1986	JUNE 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.2	289.0	290.1	291.3	292.1	289.7	-1.9
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.8	294.6	291.5	292.5	293.7	294.2	292.2	-1.8
Total Wood Pulp	395.0	347.2	335.0	333.9	345.1	357.5	338.8	-5.1
Total Paper	303.2	303.6	301.5	303.4	304.3	304.5	302.7	-0.7
Total Paper, exc. Newsprint	301.2	298.8	295.5	297.8	298.9	298.8	297.0	-1.0
Newsprint	324.1	332.9	324.3	324.1	324.1	323.1	324.1	-2.8
Total Paperboard	280.6	275.5	266.1	266.7	266.3	268.6	265.8	-6.5
Total Paper and Paperboard *	296.1	294.8	290.4	291.9	292.4	293.2	291.1	-2.4
Converted Products	280.7	288.1	286.4	287.4	288.4	287.8	286.9	-1.0
Waste Paper	240.1	148.8	139.5	146.7	149.1	168.3	144.9	-12.5
All Commodities	310.4	308.9	300.3	297.9	299.2	298.9	301.7	-2.5
Industrial Commodities	322.6	324.0	314.0	311.3	311.7	311.6	315.3	-2.6

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

Paper and Allied Products Companies

Sales and Earnings

	Sales			Net Profit After Taxes			Earnings/Sales	
	1986	1985	Change 86/85	1986	1985	Change 86/85	1986	1985
	(Million Dollars)		%	(Million Dollars)		%	%	%
32 Paper and Allied Products Companies								
First Quarter	11,860	11,959	-0.8	412.8	522.9	-21.1	3.5	4.4
Second Quarter	12,690	12,314	3.1	624.5	584.7	6.8	4.9	4.7
First Half	24,551	24,272	1.1	1,037	1,108	-6.3	4.2	4.6
4 Forest Products Companies								
First Quarter	3,307	3,210	3.0	80.8	89.8	-10.0	2.4	2.8
Second Quarter	3,897	3,624	7.5	182.5	134.0	36.2	4.7	3.7
First Half	7,204	6,834	5.4	263.4	223.8	17.7	3.7	3.3
5 Paper Related Companies								
First Quarter	19,295	20,226	-4.6	613.8	306.3	100.4	3.2	1.5
Second Quarter	17,578	19,583	-10.2	754.7	638.6	18.2	4.3	3.3
First Half	36,873	39,809	-7.4	1368.5	944.9	44.8	3.7	2.4
6 Canadian Companies								
	(Canadian Dollars)			(Canadian Dollars)				
First Quarter	2,743	2,485	10.4	117.3	92.4	26.9	4.3	3.7
Second Quarter	2,924	2,670	9.5	137.1	78.7	74.2	4.7	2.9
First Half	5,667	5,155	9.9	254.4	171.1	48.7	4.5	3.3

Continued from Page 2

the total for 1986. This category also includes tube, can and drum stock; production of the recycled grades of this category has been fairly strong so far this year.

FIBROUS RAW MATERIALS

Producers' inventories of chemical paper grade market wood pulp continued to decline during June, falling to 18 days of supply. This compares to 32 days of supply evident at the end of June 1985 and 42 days of supply as of the end of 1984. These reductions reflect the current strength of demand for these grades of wood pulp both within the United States and in export markets.

The June 1986 rate of production, for example, was 10.5% above that of June 1985, and brought the first half 1986 total to a record-high rate of 6.17 million short tons per year, 13.8 per cent above the corresponding 1985 level and 8.6% above the record 1984 total.

As indicated by the reduction in producers' inventories, the level of shipment in the first half of 1986 was 5.5% above the production total, running at an annual rate of 6.5 million tons per year. The gains were shared in all markets, with shipments to the domestic rising 6% from their year-ago levels and export shipments rising 20%. All the major export markets shared this gain, with shipments to Western Europe rising by 24%, to account for 34% of total exports.

Data on imports of chemical paper grade pulp available for the first five months of 1986 show a 9.2% gain over their corresponding year-ago total. The January-May new supply rate was up by only 1.6%. After the higher level of shipments is taken into account, it appears that the total consumption of market pulp was about 3% its 1984 level even though output in some of its major markets -- white paper and tissue papers, for example -- showed greater gains. Nonetheless the trends are encouraging, with the first half 1986 production rate equivalent to 94% of the reported capacity.

Total wood pulp production in the January-May 1986 period, as shown in the table on page 5, was at a record-high of 56.6 million tons per year, 3.8% above its year-earlier total and 2.1% above its 1984 high. The new supply of chemical paper grade market pulp, however, showed a 3.3% gain, but this was offset by a small decline in new supply of other pulps.

These new supply trends are reflected in data on consumption of wood pulp at paper and paperboard mills shown at the bottom of page 5. The gain in wood pulp consumption recorded

Continued on Page 12

Continued from Page 11

there for the first five months of 1986 was 3.1%, compared to a 7.9% gain in consumption of waste paper. Waste paper consumption at paper and paperboard mills during this period ran at record-high rates, with the rate in this period some 3.5% above the 1984 high.

SALES AND EARNINGS

Net sales of 32 paper and allied products companies reported in the press totalled $12.7 billion in the second quarter of 1986, accounting for about two-thirds of the sales of all paper and allied product companies. This total was 3.1% above that of the second quarter of 1985, reflecting both the strength of market conditions and the record-high rates of production.

After-tax earnings of these companies followed a steeper trend, rising some 7% over their year-earlier level. While this brought the sales margin (after-tax profits as per cent of net sales) to 4.9% of sales, up from the first quarter's 3.5% and the year-ago's 4.7%, it still left the first half 1986 total some 6.3% below its corresponding 1985 figure.

The 1985-1986 pattern of sales and earnings was affected by shifts in ownership of several large paper and paperboard operations. For the most part, however, these changes were between companies in the paper and allied products, and the companies involved generally did not restate their past financial operations for the time prior to the sales or acquisitions. As a result, the over all industry totals described here are generally consistent from one time period to the next although individual company reports may not be.

The four lumber and wood products companies whose data are regularly published in the press showed relatively strong gains in sales and earnings in the second quarter of 1986, reflecting the effects of lower interest rates on housing, and hence on demand for lumber and wood products. The second quarter 1986 sales totals for these companies were 7.5% over their year-earlier level; after tax earnings were up 36%.

Results for the entire first half, however, showed a sales gain of only 5.4% with earnings up 17.7% for these four comapnies. The sales margins for these companies, because of their product structure, tend to be somewhat lower than that of the paper companies, as indicated by the 3.7% realized in the first half of 1986.

The table at the bottom of page 10 summarizes the sales and earnings data for the paper and wood products companies, together with those for several paper-related companies -- that is, companies outside the paper industry with major paper operations -- and several Canadian paper companies.

JULY 31, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD — Tons (000)	1984	1985	Apr	May	June	1986	
Total Production (API)........: excluding :...	68450	67056	5849	6044	5889	70506	4.9
Total Seasonally Adjusted....:construction:...			5847	5826	5868	69732	4.7
Imports (including Products).: and wet :..E	10576	11106	854	996	N.A.	11289	1.2
Exports (including Products).: machine :..E	4309	4009	408	408	N.A.	4694	17.3
Apparent Consumption.........: grades :...	74717 a	74153 b	6292	6415	6413	76327 c	3.5
Paper Production % Tonnage Capacity...........	92.7 g	90.5 g	92.0	90.4	91.2	92.1 gh	–
Paperboard Production % Tonnage Capacity......	94.6 g	89.9 g	93.7	94.6	95.2	94.0 g	–
			Mar	Apr	May		
IMPORTS.....:Including Construction and :...	11075	11521	975	884	1029	11604	-0.8
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	424	416	415	4757	19.4
			Mar	Apr	May		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6347	6800	636	587	613	7313	5.7
TOTAL WOOD PULP PRODUCTION - Tons (000).........	55470	54170	4844	4763	4732	56620	3.8
WOOD PULP IMPORTS - TONS (000).................	4490	4466	387	349	422	4500	0.4
WOOD PULP EXPORTS - TONS (000).................	3594	3791	414	358	365	4430	18.4
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			Mar	Apr	May		
Wood Pulp.............:consumption for:.....	54562	53297	4739	4619	4668	55244	3.1
Waste Paper...........:construction & :.....	15926	15290	1413	1345	1427	16488	7.7
TOTAL..........: WMB grades :.....	70488	68632	6152	5806	5806	71733	4.1
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7478	7742	7499	90864	4.4
EMPLOYMENT (000)			Apr	May	June		
Paper and Allied Products..........Total......	682.3	683.3	685.1	687.5	696.8	686.7	0.8
Pulp, Paper and Board Mills........Total.....E	263.9	257.7	251.0	252.1	256.7	253.9	-2.2
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products........................	10.44	10.82	11.02	11.05	11.12	11.06	3.3
Pulp, Paper Mills...........................E	12.45	13.11	13.36	13.42	13.53	13.42	4.1
Paperboard Mills............................E	12.99	13.60	13.87	13.90	13.97	13.89	3.8
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q3	1985 Q4	1986 Q1		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.53	8.64	9.60	8.46	8.85y	3.8
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			Apr	May	June		
:IN PULP, PAPER :...Production Workers..........	125.5	125.1	132.7	132.0	129.9	130.6	5.2
:AND BOARD MILLS:...All Employees...............	123.9	124.1	132.6	131.9	130.3	130.6	6.5
PAPER AND ALLIED PRODUCTS (Million $)			Apr	May	June		
Industry Shipments (Dept. of Commerce)*........	95990	97664	8917	8853	9140	105392	8.3
Pulp, Paper and Paperboard*.................	41539	41830	3745	3686	3847	44340	6.3
Inventories (End of Period) - Total Industry*..	9701	9728	9763	9757	9789	9789	2.7
Pulp, Paper and Paperboard*.................	3662	3800	3901	3883	3883	3883	3.3
			1985 Q3	1985 Q4	1986 Q1		
Sales (Corporations Only)......................	71891	71465	17868	17694	17575	70300	-0.8
Earnings (Corporations Only)...................	3015	2880	597	695	589	2356	-17.7
Depreciation (Corporations Only)...............	2798	3099	802	775	820	3280	7.5
Net Worth (Corporations Only)..................	28160	29694	29564	29780	30033	30033	2.9
PRICE INDEXES (Bureau of Labor Stats)1967=100			Apr	May	June		
Pulp, Paper & Products, ex. Building Grades....	292.9	292.2	290.1	291.3	292.1	289.7	-1.9
Wood Pulp......................................	395.0	347.2	333.9	345.1	357.5	338.8	-5.1
Waste Paper....................................	240.1	148.8	146.7	149.1	168.3	144.9	-12.5
Paper..	303.2	303.6	303.4	304.3	304.5	302.7	-0.7
Paperboard.....................................	280.6	275.5	266.7	266.3	268.6	265.8	-6.5
PAPER DEMAND (INDEXED: 1977=100)			Apr	May	June		
Total Paper Production *......................	124.0	122.9	126.9	126.6	127.2	126.1	2.7
Paper New Supply *............................	127.6	128.7	128.9	134.8	133.5	131.7	2.4
Demand Indicators - (Weighted Average) *.....	136.7	142.1	146.2	147.2	146.8	145.6	3.5
Production of Nondurable Goods *...(21.2%).	122.5	125.5	129.3	129.7	129.6	129.1	3.9
Disposable Income ....*.(23.9%)	124.0	126.8	129.5	130.7	130.6	129.5	2.3
Total Printing and Publishing *...(54.9%).	147.8	155.1	160.0	161.1	160.5	159.0	3.7
Trend Factor	—	—	—	Not Available	—	—	
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *..................	117.3	114.3	117.5	120.9	120.3	120.2	6.8
Production for Domestic Use	115.2	112.8	113.9	119.2	118.3	118.1	6.2
Demand Indicators - (Weighted Average) *.....	118.3	120.3	121.0	122.3	121.8	121.9	1.9
Production of Consumer Goods *...(62.06%)	118.2	120.7	122.5	124.4	123.9	123.6	3.3
Production of Equipment *...(5.75%)	140.5	147.1	143.4	143.5	142.6	144.1	-1.4
Production of Materials *...(32.19%)	114.6	114.7	114.0	114.4	113.9	114.6	-0.4
Trend Factor	—	—	—	Not Available	—	—	
NEWSPRINT MARKETS			Mar	Apr	May		
Consumption by Publishers - Tons (000).........	12602	12773	1107	1103	1139	12797	3.1
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	458.7	461.0	461.0	1103	2.2
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)...........	157798	153945	13733	13541	13994	150517	-1.3
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	3139	3213	3052	37298	9.8
Inventories (End of Period).	2724	3155	3169	3157	3096	3096	5.5
FIBRE BOX DATA (Fibre Box Association)			Apr	May	June		
Fibre Box Shipments (Million square feet).......	267549	267451	25245	23294	23419	281336	6.0
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2439	2394	2320	2320	-18.2
RETAIL TRADE (Million $)			Mar	Apr	May		
Total Retail Sales *...........................	1291835	1378161	116684	117139	117053	1405666	3.6
Nondurable Goods Stores Sales *...............	841417	866541	73405	72535	72344	876266	2.3
GENERAL ECONOMIC DATA			Apr	May	June		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.5	125.2	124.7	124.1	125.1	0.9
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.4	308.8	297.9	299.2	298.9	301.7	-2.5
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	325.3	326.3	327.9	326.9	2.4
			Mar	Apr	May		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	488.7	545.6	550.2	556.8	556.8	13.9
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q4	1986 Q1	1986 Q2		
G.N.P. or Expenditure - Current $..............	3765.0	3998.1	4087.7	4149.2	4182.3	4165.8	5.8
G.N.P. or Expenditure - 1982 $.................	3489.9	3585.2	3622.3	3655.9	3665.7	3660.8	2.9

lb/capita

	Pap&Papbd		Othr		Totl	Popul(mil)
.a	- 631	+	19	=	650	236.7
.b	- 620	+	18	=	638	238.6
.c	- 636	+	17	=	653	240.0e

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

July 31, 1986

PRODUCTION (000 TONS)

	June	May	June	Jan. -	June	% Change
	86	86	85	86 -	85	86/85
PAPER GRADES						
Newsprint	463	492	449	2791	2741	1.8
Printing & Writing	1610	1608	1475	9664	9296	4.0
Uncoated Groundwood (s)	122	120	115	743	736	0.9
Coated Paper (s)	506	497	462	3024	3081	-1.8
Uncoated Free Sheet Paper (s)	876	876	789	5215	4819	8.2
Thin Paper (s)	18	20	18	116	124	-6.6
Cotton Fiber Paper (s)	13	13	12	77	73	5.6
Bleached Bristols (s)	75	83	79	488	463	5.5
Tissue Paper	421	444	418	2555	2468	3.5
Total Pkg & Other Paper	417	435	415	2583	2604	-0.8
Unbleached Kraft Packaging & Indl. Converting (s)	274	282	265	1699	1699	.0
Other Paper *	143	153	150	884	905	-2.3
TOTAL PAPER	2911	2979	2758	17593	17110	2.8
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1508	1529	1321	8744	8204	6.6
Unbleached Kraft Linerboard	1385	1411	1207	8066	7622	5.8
Other Unbl. Kraft Paperboard	123	119	113	677	582	16.3
Semichemical Paperboard	452	457	417	2650	2520	5.2
Bleached Paperboard	347	373	323	2151	1978	8.8
Recycled Paperboard	670	705	639	4115	3806	8.1
TOTAL PAPERBOARD	2978	3065	2700	17660	16508	7.0
TOTAL PAPER AND PAPERBOARD	5889	6044	5458	35253	33617	4.9

WOOD PULP (ALL GRADES)	May	Apr.	May	Jan. -	May	% Change
	86	86	85	86 -	85	85/84
Dissolving & Special Alpha	110	97	112	518	539	-3.9
Bleached Sulfite	116	119	120	580	588	-1.4
Unbleached Sulfite	15	14	16	71	96	-25.3
Bleached & Semi-Bl. Sulfate	1941	2003	1818	9911	9396	5.5
Unbleached Sulfate	1746	1723	1664	8544	8161	4.7
Semichemical	340	347	352	1689	1696	-0.4
Groundwood & Thermomechanical	464	459	441	2278	2253	1.1
TOTAL PULP DIVISION DATA	4732	4763	4522	23591	22727	3.8

(s) - Shipments R - Revised
P - Preliminary

A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 8 AUGUST 1986

Paper and Paperboard Production: Continuing Strong

Paper and paperboard production continued its strong performance in July and held close to the 6 million tons per month level on a seasonally-adjusted basis. For the first seven months of the year, production gained 5% over its year-ago level and annualized to a rate of 70.3 million tons, which is 2.7% over the previous record set in 1984. Paperboard output posted an advance of 7.2%, in part due to a strong showing in production for export, which reached a level 12.3% over the corresponding figure for the first seven months of 1985. Preliminary weekly figures indicate that even with the lingering effects of the vacation shutdowns, production levels are returning to the brisk pace they had reached in mid-June.

Some of the more notable trends among the various grades include: Uncoated free sheet papers at 10.4 million tons per year, up 8.3%; newsprint at 5.6 million tons per year, 2.1% over its year ago level; and boxboard and containerboard production for domestic use some 6% above their year-ago levels.

Paper: Total paper production for the January-July period was 2.9% above its year-ago level, with a mixed performance for the individual grades. During that same period, the production of printing and writing papers, which currently represents a little more than half of total paper output, was up 4.5% over the comparable 1985 level, reaching an annual rate of 19.3 million tons for a new high.

Uncoated free sheet papers led the way with an 8.3% gain over year-ago levels in the January-July period. At an annual rate of 10.4 million tons, uncoated free sheet production reached a new high, reflecting the continued strength in demand for office copy papers and papers used in conjunction with computer technology. Despite the decline in the value of the U.S. dollar in international markets since March 1985, imports of uncoated free sheet papers in the first half of the year

Continued on Page 2

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surged 28.5% over the 1985 level. The current annual rate of imports of nearly 450,000 tons still represents about 4.5% of the total new supply (production plus imports minus exports). Confidence in the growth potential of this market is reflected in the aggressive capacity plans of manufacturers. API's Capacity Survey shows that 230,000 tons of uncoated free sheet paper capacity will be added this year and another 550,000 tons are expected on line by the end of 1987.

Production of newsprint continues to move ahead of last year's sluggish pace. U.S. consumption of this grade for the first half of 1986, at an annual rate of 13.7 million tons, was nearly 9% above the record consumption levels reached in 1983 and 1984. This gain reflects the growing needs of newspaper publishers, which account for about 75% of the total newsprint used in the U.S. Imports declined 1.1% from their year-ago levels in the first half of the year, but they continue to supply about 61% of our needs, with Canada alone supplying about 57% of U.S. consumption.

Coated paper output lagged slightly behind the total attained in the first seven months of 1985. Shipments were down 1.2%, due to some softening in the demand from magazine publishers. About 40% of the coated papers produced and consumed in the U.S go to this market. A decline of 1.3% in magazine advertising pages in the first five months of this year explains a large part of the loss. Shipments to the other major consumers of coated papers -- namely, commercial printers -- were 0.3% above their year-ago levels in the first half of 1986.

Among the other paper grades, tissue production continued to gain on the record high rates attained in 1984 and 1985. At an annual rate of almost 5.0 million tons in the first seven months of the year, this grade advanced 1.3% over the comparable level in 1985. Bleached bristols and cotton fiber paper output were well up, 5.9% and 8.6% above the first seven months of 1985 respectively. Total packaging and other papers were down 0.4% from a year ago.

Paperboard: The paperboard sector of the industry turned in a particularly strong performance in July. The shutdowns for vacation and repair were much shorter than usual, and the seasonally-adjusted production rate, as shown on the table on page 3, moved above the 3 million tons per month level.

The unadjusted production total of 2,893,000 tons was 8.9% above the July 1985 total. Some of the gain in production this year over last is attributable to a more stable inventory trend.

Continued on page 11

PAPER AND PAPERBOARD STATISTICS

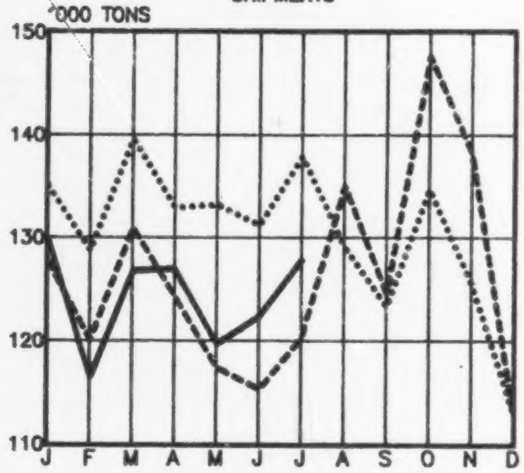
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1984	YEAR 1985	APR. 1986	MAY 1986	JUNE 1986	JULY 1986	Annual Rate Y-T-D 1986	% Change From same Period Last Year
PAPER								
Newsprint - Production	5539	5428	451	492	463	477	5603	2.1
- Shipments	5584	5417	458	489	469	465	5519	1.5
Printing & Writing sum	18397	18450	1606	1609	1626	1589	19318	4.5
Groundwood Paper - Shipments	1565	1516	127	120	123	128	1493	1.6
- New Orders	1575	1477	127	115	139	158	1565	9.4
-Unfilled Orders	140	106	103	99	117	153	153	25.7
Coated Papers - Shipments	6249	5875	510	497	504	482	6007	-1.2
- New Orders	6281	5642	479	487	529	552	6211	8.8
- Unfilled Orders	575	393	405	402	424	503	503	28.5
Unctd Free Sheet - Shipments	9207	9750	856	877	877	872	10438	8.3
- New Orders	8939	9704	866	904	875	889	10566	10.9
- Unfilled Orders	430	509	540	570	563	592	592	30.6
Thin Papers - Shipments	267	241	19	20	18	19	232	-4.0
Cotton Fiber Paper - Shipments	147	144	13	13	13	11	152	5.9
Bleached Bristols - Production	961	924	81	83	92	76	996	8.6
Tissue Paper - Production	4921	4941	424	444	421	360	4997	1.3
Total Packaging & Other Paper	5555	5202	442	435	417	422	5153	-0.4
Unbl. Kraft Paper - Shipments	3666	3403	292	282	274	285	3401	0.2
Other Paper - Production	1889	1799	150	153	143	138	1752	-1.6
TOTAL PAPER-Production-Unadj.	34411	34021	2923	2980	2926	2848	35070	2.9
-Production-S.A.			2929	2924	2953	2986	35089	3.0
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25404	2229	2360	2307	2256	27088	7.0
Total Unbl. Kraft Paperboard	17185	16368	1424	1529	1508	1439	17455	6.8
Unbl. Kraft Linerboard (1)	16037	15183	1348	1411	1385	1327	16103	6.3
Production for Export	2086	1830	156	169	181	163	2046	14.3
Other Unbl. Kraft Paperboard	1149	1184	76	119	123	111	1352	13.5
Semichemical Paperboard	5169	5088	443	457	452	441	5300	5.1
Production for Export	149	189	15	13	15	14	176	1.0
Solid Bleached Paperboard	4048	3948	361	373	347	377	4333	10.0
Production for Export	478	466	50	46	43	46	515	9.8
Recycled Paperboard	7637	7630	697	705	671	637	8146	8.1
Production for Export	17	26	2	2	3	2	25	-4.4
TOTAL PAPERBOARD-Prod.-Unadj.	34039	33034	2926	3065	2978	2893	35234	7.2
- Containerboard Prod.(Dom. Use)	20993	20042	1753	1862	1810	1769	21236	6.4
- Boxboard Prod.(Dom. Use) (2)	5783	5673	504	514	485	475	5994	6.1
- All Other P'bd Prod.(D.U.) (2)	4531	4808	445	459	441	424	5241	9.7
- Total Paperbd Prod. for Export	2731	2511	223	230	242	225	2763	12.3
TOTAL PAPERBOARD PROD.- S.A.			2917	2903	2931	3020	35005	7.2
TOTAL PAPER AND PAPERBOARD								
Production - actual	68450	67055	5849	6045	5904	5742	70304	5.0
Production - S.A.			5847	5827	5884	6006	70094	5.0

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

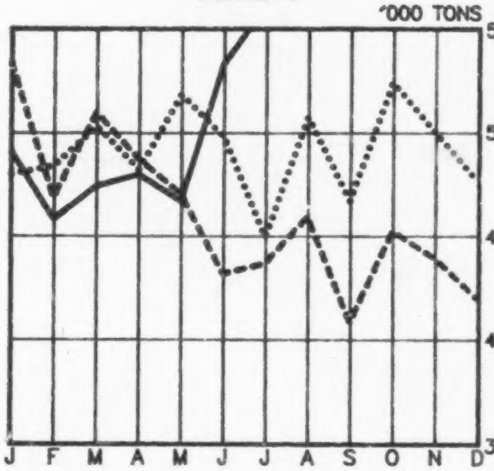
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



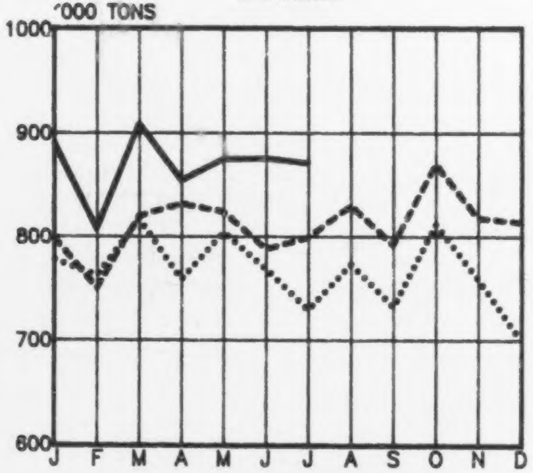
COATED PAPER

SHIPMENTS



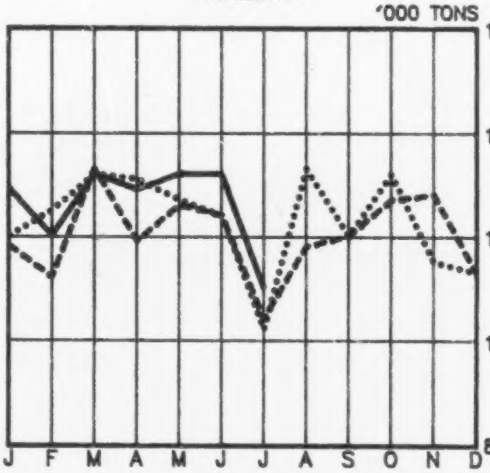
UNCOATED FREE SHEET PAPERS

SHIPMENTS



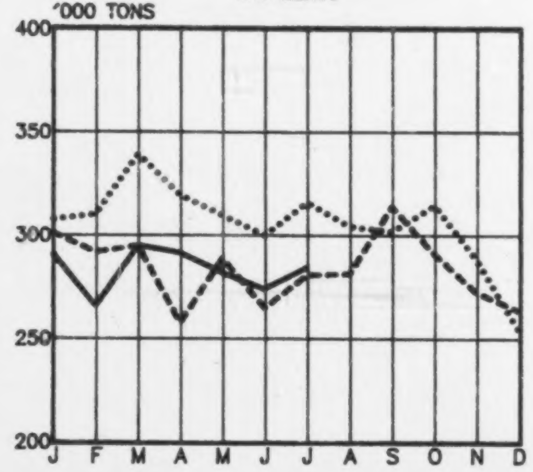
COTTON FIBER PAPER

SHIPMENTS



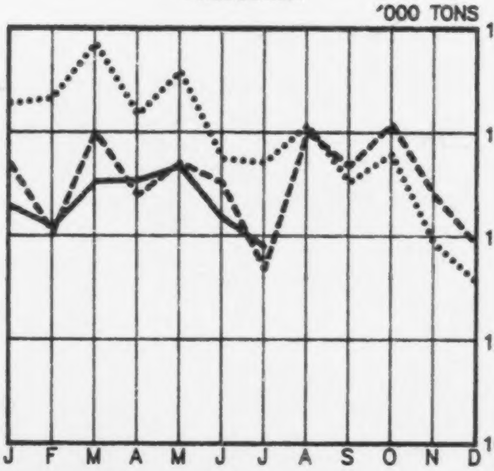
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 ········ 1985 ----- 1986 ———

WOOD PULP STATISTICS
(Thousands of Tons)

		YEAR 1984	YEAR 1985	MAR 1986	APR 1986	MAY 1986	MAY 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
TOTAL WOOD PULP						R	P		
Total Wood Pulp	- Production	55470	54170	4844	4763	4771	4807	56873	4.4
	- Imports	4490	4466	387	349	422	370	4492	-0.3
	- Exports	3594	3791	414	358	365	372	4437	14.9
	- New Supply	56367	54844	4816	4754	4828	4805	56929	3.2
Dissolving Pulp	- Production	1206	1174	109	97	110	107	1248	-1.3
	- Imports	161	175	22	22	13	22	245	55.3
	- Exports	595	631	57	62	63	54	678	-7.6
	- New Supply	772	718	74	58	60	74	816	18.4
Paper Grades Chemical Pulp	- Production	44690	43696	3922	3859	3856	3909	46104	5.2
	- Imports	4023	4104	361	320	385	343	4146	-0.1
	- Exports	2945	3131	340	292	299	314	3687	18.9
	- New Supply	45767	44668	3942	3887	3942	3937	46564	3.8
Groundwood and Thermo-Mech.	- Production	5506	5251	467	459	466	447	5453	2.1
	- Imports	306	187	5	7	24	6	100	-48.2
	- Exports	54	29	16	4	3	4	72	160.3
	- New Supply	5758	5409	455	462	486	449	5481	-0.5
Semi-Chemical	- Production	4069	4050	346	347	340	345	4068	0.1
	- Imports			- - - - - Included in Groundwood Pulp - - - - -					
	- Exports								
	- New Supply	4069	4050	346	347	340	345	4068	0.1
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6898	6800	636	587	623	681	7476	8.6
	- Imports	2968	2791	270	247	281	255	3039	9.9
	- Exports	3511	3784	391	355	321	424	4489	15.5
	- New Supply	6355	5807	515	479	583	512	6026	4.6
Dissolving Pulp	- Production	1205	1171	108	97	109	105	1238	-2.0
	- Imports	204	174	22	22	10	20	213	23.0
	- Exports	690	666	55	66	57	68	713	-4.1
	- New Supply	718	679	75	52	61	57	739	6.4
Paper Grades Chemical Pulp	- Production	5680	5605	526	491	512	533	6146	9.7
	- Imports	2664	2531	244	221	253	225	2739	8.6
	- Exports	2821	3117	336	289	264	357	3777	20.2
	- New Supply	5523	5019	434	422	502	402	5107	2.6
Groundwood Pulp and All Other	- Production	14	24	2	0	1	43	93	309.7
	- Imports	100	86	4	4	19	10	87	26.0
	- Exports	1	1	0	0	0	0	0	0.0
	- New Supply	114	109	6	4	20	52	180	100.9

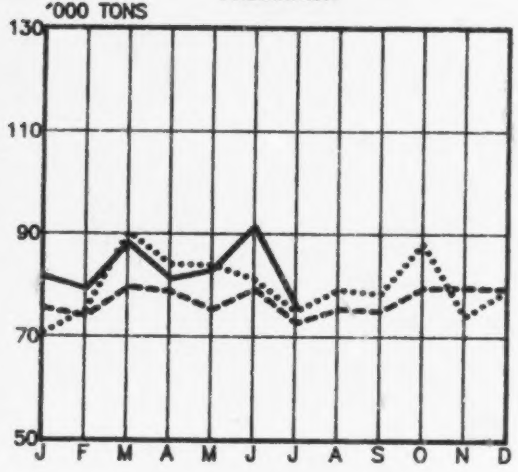
SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

FIBROUS RAW MATERIALS
(Thousands of tons)

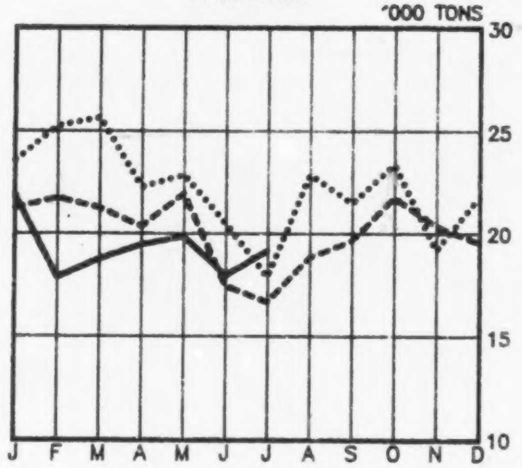
	YEAR 1984	YEAR 1985	MAR 1986	APR 1986	MAY 1986	MAY 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	70488	68584	6171	5976	6149	6044	72096	5.0
Total Wood Pulp	54562	53297	4739	4619	4706	4660	55432	3.9
Waste Paper	15926	15290	1431	1358	1443	1384	16664	9.1
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	174	164	143	149	164	171	171	-11.0
Producers' Market Inventories	585	486	372	365	365	345	345	-34.8
Consumers' Purchased Inventories	545	492	543	529	480	456	456	-8.2
Waste Paper at Paper & Bd. Mills	1053	967	887	891	844	843	843	-14.6
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	20	20	21	18	18	-43.8

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

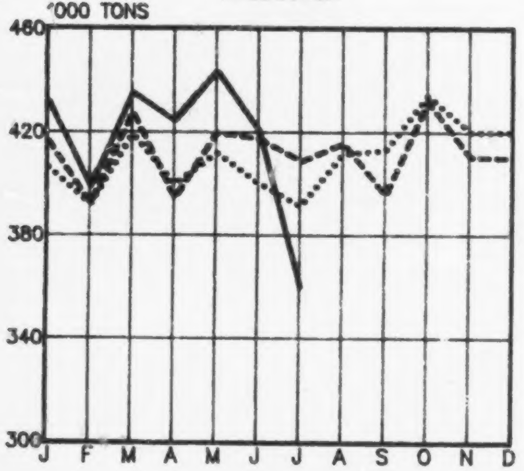
BLEACHED BRISTOLS
PRODUCTION



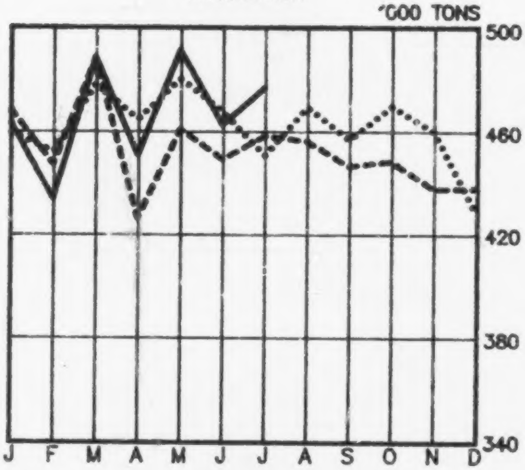
THIN PAPER
PRODUCTION



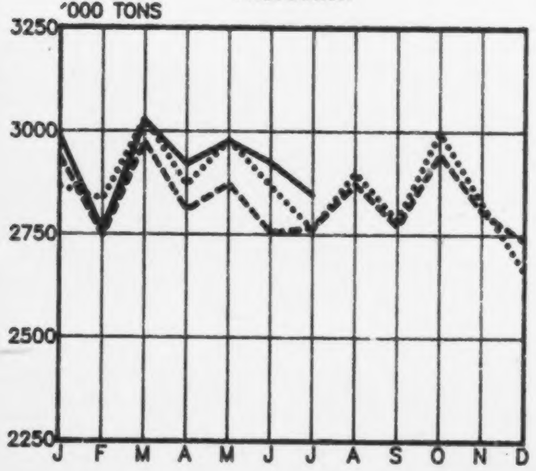
TISSUE PAPER
PRODUCTION



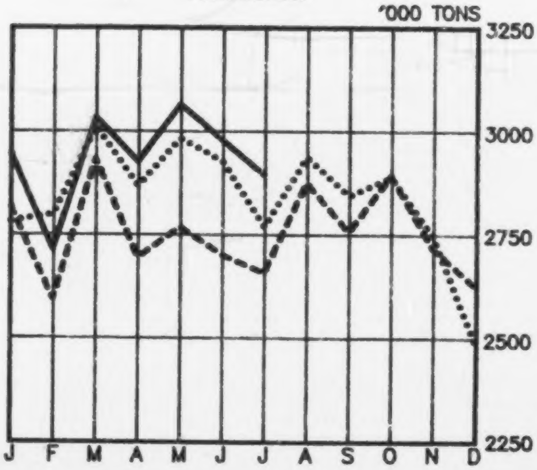
NEWSPRINT
PRODUCTION



TOTAL PAPER
PRODUCTION



TOTAL PAPERBOARD
PRODUCTION



1984 ········ 1985 -----1986 ———

FIBROUS RAW MATERIALS
(Thousands of Standard (128 cubic foot) Cords)

		YEAR		MAR. 1986	APR. 1986	MAY 1986	JUNE 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
		1984	1985						
PULPWOOD									
Total U.S.	- Total Receipts	88876	85503	7294	7591	7277	7372	90210	5.1
	- Total Consumpt	87646	85744	7478	7742	7499	7563	90846	5.1
	- Residues *	32072	30447	2623	2974	2864	2748	33438	9.6
	- Inventories	5574	5046	5433	5335	4910	4851	4851	-1.5
So. Atlantic	- Total Receipts	27654	27589	2410	2573	2381	2427	29698	8.6
	- Total Consumpt	27344	27815	2436	2551	2395	2480	29512	6.6
	- Residues *	8198	7970	699	802	816	779	9412	20.5
	- Inventories	1444	1117	1243	1147	1117	1096	1096	-1.2
Northeast	- Total Receipts	7665	7430	625	520	526	596	7176	-3.6
	- Total Consumpt	7474	7394	635	639	573	615	7458	-3.5
	- Residues *	1501	1539	125	138	118	123	1450	-10.8
	- Inventories	590	544	540	411	360	345	345	-21.9
South Central	- Total Receipts	30693	29786	2454	2604	2539	2496	31160	3.1
	- Total Consumpt	30502	29914	2572	2623	2711	2578	31634	4.3
	- Residues *	9059	9207	763	829	823	778	9634	2.7
	- Inventories	1304	1198	1279	1262	1087	992	992	-13.2
North Central	- Total Receipts	6872	6430	504	423	484	522	6338	-1.9
	- Total Consumpt	6563	6296	548	567	567	580	6700	4.9
	- Residues *	1472	1290	85	92	88	78	1068	-21.1
	- Inventories	906	884	970	873	807	762	762	-10.8
West	- Total Receipts	15992	14264	1301	1471	1347	1331	15838	10.3
	- Total Consumpt	15763	14325	1287	1362	1253	1310	15542	8.8
	- Residues *	11842	10458	951	1113	1019	990	11874	14.8
	- Inventories	1330	1303	1401	1642	1539	1656	1656	20.3

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 02-Jan-80

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	MAY Tons	1986 $000's	JUNE Tons	1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	8874	685	1039	74	40478	10.7
Pulpwood chips	788486	21955	90332	2126	74301	1651	911528	4.2
Wood Pulp, Total	4020736	1385871	360134	121048	345483	116247	3831134	-6.5
Waste Fibrous Materials, Total	144564	36371	14140	2409	15581	2733	165144	2.1
Paper, Board & Products, Total	9734523	4306694	873125	390204	765448	332666	9673431	-1.1
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	861898	373452	756289	317759	9557205	-1.5
Paper, Paperboard & Products	9380235	4215314	848553	382889	745985	326795	9424269	0.5
Paper & Paperboard, Only	9286488	4073606	837326	366137	736827	311888	9308043	0.1
Paper, Total	9132128	4030872	816950	360744	723208	308192	9099024	-0.5
Newsprint	8117986	3496944	726641	313619	647303	270394	8125886	-0.9
Printing, Writing & Rel. Pap.	841500	435561	72746	38034	56479	28448	771740	-0.6
Pack. & Ind. Conv. Paper	124100	64640	14330	6631	16539	7270	165722	49.2
Special Industrial Paper	3463	5393	387	650	293	492	4183	28.8
Tissue Paper	45081	28334	2846	1809	2594	1587	31493	-36.4
Paperboard, Total	154360	42734	20376	5393	13619	3696	209019	35.5
Convtd Paper&Paperbd Products	93747	141708	11227	16753	9158	14907	116226	46.9
Wet Machine Board	2184	1481	178	121	196	130	2306	9.3
Construction Paper & Board	352104	89898	24394	7194	19266	5741	246856	-38.7

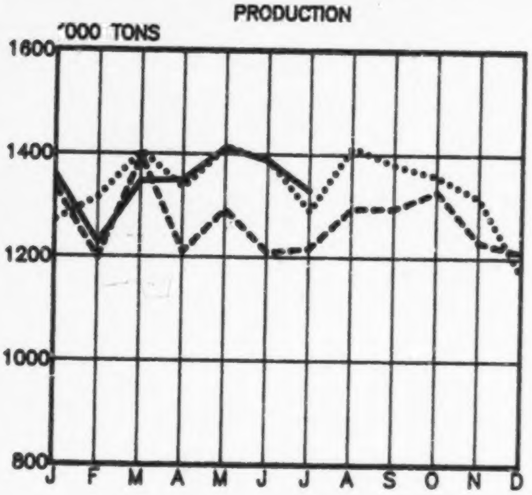
EXPORTS TO CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	MAY Tons	1986 $000's	JUNE Tons	1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	7834	494	4742	286	41526	4.5
Pulpwood chips	82626	4780	1508	100	3385	247	62780	-26.4
Wood Pulp, Total	203934	79541	16678	5108	22264	6369	271602	36.8
Cotton Pulp & Other Pulp	15083	6252	1065	498	2519	701	25760	142.2
Waste Paper	209087	23249	14582	1527	17029	1845	180396	-22.4
Paper, Board & Products, Total	736140	485290	60753	34571	74806	36578	906954	20.6
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	49376	24796	63896	26252	757866	29.0
Paper, Paperboard & Products	710785	473839	58586	33705	72159	35700	878670	20.8
Paper & Paperboard, Only	554413	322162	47210	23930	61249	25374	729581	29.7
Paper, Total	271754	223971	20614	16781	20824	16640	300307	-0.8
Newsprint	3757	3276	445	366	524	464	3785	18.2
Printing, Writing & Rel. Pap.	133800	118625	10265	8862	10882	8362	124499	-20.1
Pack. & Ind. Conv. Paper	41327	23536	2418	1444	1751	1156	28069	-42.7
Special Industrial Paper	90071	74893	7322	5855	7384	6154	141211	54.1
Tissue Paper	2799	3641	164	255	284	504	2744	-5.3
Paperboard, Total	282658	98191	26596	7149	40425	8734	429275	65.2
Convtd Paper&Paperbd Products	156372	151676	11376	9775	10910	10325	149088	-9.5
Wet Machine Board	5786	4243	1103	442	1501	445	10870	95.2
Construction Paper & Board	19570	7209	1064	424	1146	433	17414	-9.8

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 02-Jan-80

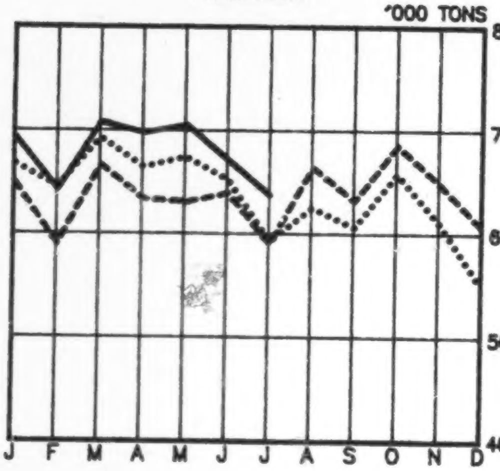
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



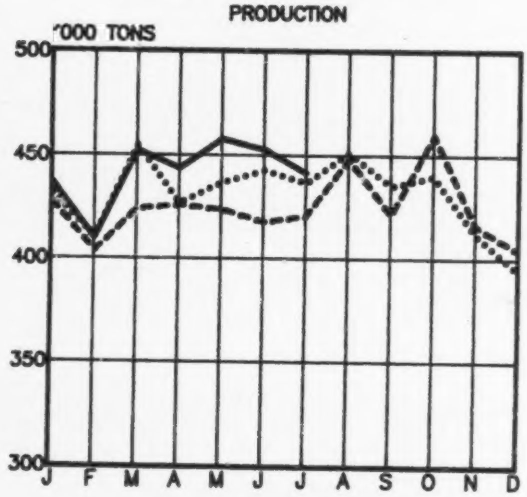
RECYCLED PAPERBOARD

PRODUCTION



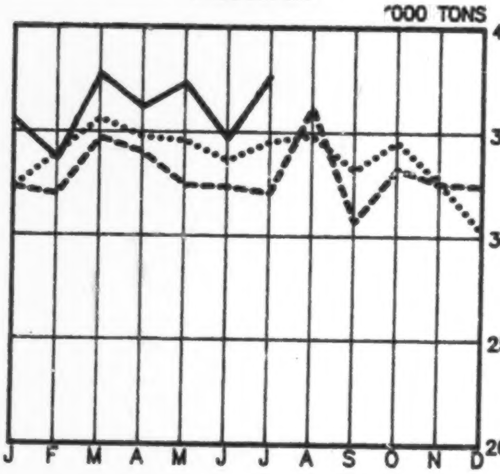
SEMICHEMICAL PAPERBOARD

PRODUCTION



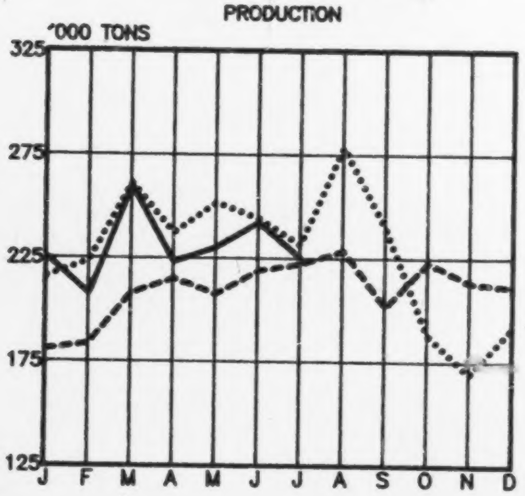
SOLID BLEACHED PAPERBOARD

PRODUCTION



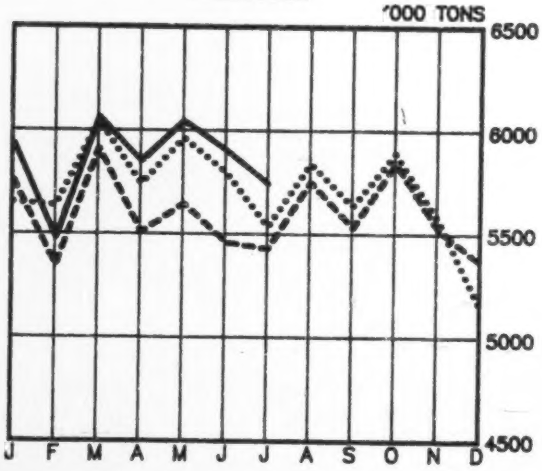
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ········ 1985 - - - - -1986 ———

I M P O R T S

	YEAR 1985 Tons	YEAR 1985 $000	1986 MAY Tons	1986 MAY $000	1986 JUNE Tons	1986 JUNE $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood Roundwood (cords)	31755	2606	8874	685	1039	74	42678	-24.9
Pulpwood Chips	789382	22006	90371	2139	74340	1660	914144	4.4
Total All Imports	16156209	7255817	1470035	657714	1317755	590363	16246456	-0.4
Wood Pulp Total	4465746	1520907	422443	139836	370463	124962	4492128	-0.3
Waste Paper	87413	10160	8977	939	8222	984	98088	18.8
Other Fibrous Materials	81430	26949	9137	2347	15280	2852	138572	38.6
Paper Board & Products Total	11521619	5697802	1029478	514593	923790	461565	11517668	-0.9
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	996569	450406	892816	397365	11164032	-1.7
Paper Ppbd & Prds ex Cnst&WMB	11105154	5586077	996323	503571	897063	452347	11183430	0.2
Paper & Paperboard Only	10821629	4962757	963414	439384	866089	388147	10829793	-0.7
Paper Total	10637428	4905882	940079	432735	848650	382622	10577433	-1.4
Newsprint	8496568	3638716	751706	323052	678137	282584	8452612	-1.1
Printing & Writing	1912867	1116225	164285	94503	147196	86121	1841137	-6.2
Uncoated Groundwood	1027211	530619	83528	43931	68852	34134	902303	-13.7
Coated Print.& Impreg. Pap.	496072	363855	38079	27066	47448	33739	464649	-16.5
Uncoated Free Sheet	364848	198432	39211	20800	26893	15607	428572	28.5
Uncoated Book	200927	106586	21903	11208	12919	7636	219069	21.1
Writing and Similar Paper	163921	91846	17309	9592	13974	7970	209503	37.3
Thin (except Cigarette)	23712	22276	3398	2618	3960	2589	45069	73.4
Bristols	1024	1043	69	89	42	52	542	-45.2
Total Pkg & Other Paper	172003	116390	18632	11659	19709	11522	225457	40.2
Unbleached Kraft Paper	63604	23976	8781	3296	10902	4070	98634	115.4
Other Pkg. & Indust. Paper	108398	92414	9851	8363	8808	7452	126822	10.3
Tissue	55991	35551	5456	3520	3608	2395	58228	3.9
Paperboard, Total	184201	55875	23336	6649	17439	5525	252360	39.8
Test or Containerboard	50975	16848	5998	2056	5068	1653	69825	31.3
Semi-Chemical Corrugating	65203	13706	10175	2154	6000	1242	90084	42.0
Other Paperboard	68023	25321	7163	2440	6371	2629	92451	44.7
Convtd Paper&Paperbd Products	283525	623320	32909	64187	30975	64200	353636	38.5
Paper Products, Total	258934	572316	30246	59455	28319	58473	325680	41.1
Paperboard Products, Total	24592	51004	2664	4732	2656	5727	27956	13.4
Wet machine Board	3270	2585	221	162	244	236	3508	8.2
Construction Paper & Board	413196	109140	32933	10860	26483	8982	330731	-27.3
Notes								
Other: No Weight Avail. ($000)		228219		17702		18055	195112	-7.0
Total Imports Incl. Other($000)		7484036		675416		608418	7471564	-1.3

E X P O R T S

							(1)	
Pulpwood, Roundwood (cords)	51765	3037	7834	494	5336	313	47524	17.4
Pulpwood Chips	2116137	168814	265091	19606	111715	8407	2086534	-8.6
Total All Exports	11261281	4042068	1091908	398412	1075527	382548	13037348	14.8
Wood Pulp, Total	3791102	1352708	365182	139376	372043	140262	4436528	14.9
Cotton Pulp and Other Pulp	107224	71802	11404	6473	8929	4482	176654	91.7
Waste and Old Paper	3285926	349258	300736	32047	309857	33756	3691016	10.7
Paper, Board & Products, Total	4077029	2268300	414586	220517	384698	204048	4733150	16.4
Paper, Paperboard, Wet Machine Bd. & Construction Paper & Board	3586119	1588157	370575	165078	342077	147582	4224330	19.2
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	407581	216442	376965	200168	4638290	16.0
Paper & Paperboard, Only	3517311	1548451	363571	161004	334344	143702	4129470	18.8
Paper, Total	779000	594338	70974	55465	66255	53108	841377	3.1
Newsprint	314385	131379	28888	14773	26919	14877	314487	-3.0
Printing & Writing	202826	201845	15165	15117	17524	15685	200140	-7.1
Uncoated Groundwood	36779	31727	2670	2003	3654	2483	47703	22.4
Clay Coated Paper	82461	65710	6889	5138	7008	5122	82651	1.6
Uncoated Free Sheet	64573	77929	4259	6026	4783	6164	50997	-30.7
Other Printing & Writing	19013	26479	1348	1949	2080	1917	18790	-12.8
Total Pkg. & Other Paper	243671	242909	25741	24081	20259	20580	310857	22.3
Unbleached Kraft	67695	29931	11358	4439	6368	2500	80484	12.0
Other Pkg. & Indust. Paper	175976	212978	14384	19642	13891	18080	230373	26.4
Tissue	18118	18205	1180	1493	1553	1966	15892	-29.1
Paperboard, Total	2738310	954113	292596	105539	268089	90595	3288093	23.6
Solid Wood Pulp	2492746	872281	268289	99033	237477	85273	2936608	20.4
Total Linerboard	1807151	480909	192617	54417	173167	50539	2140554	24.0
Bleached Kraft Linerboard	130359	45687	17643	5964	13431	5447	154399	32.1
Unbleached Kraft Linerbd	1676791	435222	174974	48453	159736	45093	1986155	23.4
Other Unbleached Kraft	100651	41053	16386	6469	13292	4750	153904	43.8
Other Bleached Kraft	523091	335026	55852	37194	45063	28358	570905	4.3
Semi-Chemical Corrugating	61853	15293	3435	953	5955	1626	71246	22.3
Recycled Paperboard	245564	81833	24308	6507	30613	5321	351485	58.3
Convtd Paper&Paperbd Products	490910	680143	44010	55438	42621	56465	508820	-2.6
Paper Products, Total	237191	464174	20449	36441	17128	36655	226587	-10.4
Paperboard Products, Total	253719	215970	23562	18998	25494	19810	282233	4.7
Wet Machine Board	13380	6930	1672	651	2227	691	20531	47.6
Construction Paper & Board E	55429	32776	5333	3423	5506	3190	74328	38.9
Notes								
Other: No Weight Avail. ($000)		6618		725		839	8348	25.7
Total Exports Incl. Other($000)		4048687		399137		383386	4477410	6.2

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1984	1985	MAR. 1986	APR. 1986	MAY 1986	JUNE 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.2	289.0	290.1	291.3	292.1	289.7	-1.9
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.8	294.6	291.5	292.5	293.7	294.2	292.2	-1.8
Total Wood Pulp	395.0	347.2	335.0	333.9	345.1	357.5	338.8	-5.1
Total Paper	303.2	303.6	301.5	303.4	304.3	304.5	302.7	-0.7
Total Paper, exc. Newsprint	301.2	298.8	295.5	297.8	298.9	298.8	297.0	-1.0
Newsprint	324.1	332.9	324.3	324.1	324.1	323.1	324.1	-2.8
Total Paperboard	280.6	275.5	266.1	266.7	266.3	268.6	265.8	-6.5
Total Paper and Paperboard *	296.1	294.8	290.4	291.9	292.4	293.2	291.1	-2.4
Converted Products	280.7	288.1	286.4	287.4	288.4	287.8	286.9	-1.0
Waste Paper	240.1	148.8	139.5	146.7	149.1	168.3	144.9	-12.5
All Commodities	310.4	308.9	300.3	297.9	299.2	298.9	301.7	-2.5
Industrial Commodities	322.6	324.0	314.0	311.3	311.7	311.6	315.3	-2.6

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

GENERAL ECONOMIC DATA
1947-1986

Year	Total Gross National Product (Billions of $)	Total GNP In 1982 Prices (Billions of $)	New Supply # Paper and Paperboard Total 000 Tons	New Supply # Paper and Paperboard 000 Tons Per Bil. $ of Real GNP	Paper & Paperboard Production # 000 Tons	Industrial Production (1977 = 100)
1947	235.2	1,066.7	24,461	22.93	20,800	29.0
1959	495.8	1,629.1	38,359	23.55	33,748	48.8
1969	964.0	2,423.9	57,423	23.69	52,914	81.2
1974	1,472.8	2,729.3	63,308	23.20	59,040	93.0
1976	1,782.8	2,826.7	62,015	21.94	58,329	92.6
1982	3,166.0	3,166.0	64,763	20.46	69,988	103.1
1983	3,405.7	3,279.1	71,233 R	21.72	66,815 R	109.2
1984	3,765.0	3,489.9	76,939 R	22.05	70,250 R	121.8
1985	3,998.1	3,585.2	76,308	21.28	68,863	124.5
1986 First Half	4,165.8 E	3,660.8 E	77,800 E	21.25	71,450 E	125.0

# - Includes production of wet machine board, construction paper and insulating board. Data for these grades after 1982 are estimated by A.P.I.

R - Revised * - Annual Rate ** - Percent Change 1983 Average to 1st Half 1986

E - Estimated Seasonally Adjusted

American Paper Institute
Economics Department
August, 1986

Continued from Page 2

During the first half of last year, inventories of paperboard at mills and plants were sharply reduced. That meant that a sizable volume of consumption was supplied from inventory rather than current production.

This trend toward reduced inventories continued into 1986, but at a much slower pace, so that nearly all of the higher consumption now draws from current production. The current level of inventories -- now near 6 weeks of supply -- offers positive support to current production in two ways. First, it suggests that production will at least match consumption levels, which are rising, albeit slowly. Second, in this period of uncertain demand, these relatively low levels of inventory give some assurance that, in the near term future at least, there will be no need to curtail production in order to reduce inventories.

All the major grades of paperboard have shared this strong demand pattern. As the table on page 3 shows, the production of unbleached kraft paperboard in the first seven months of 1986 was 6.8% above its year-ago level and 1.6% above the record-high 1984 average rate. Solid bleached paperboard was up 10% from comparable 1985 levels, marking a major turnaround from its earlier trend. Recycled board is also showing unusual strength, rising 8% over year-ago levels and 6.7% above its 1984 rate.

The gains in containerboard production are fully consistent with the increase of 6.2% in fiber box shipments in the first seven months of the year. At the same time, production of kraft linerboard for export continued relatively strong in July; the year-to-date rate was over 2 million tons per year, 14% above its year-ago level and close to the 1984 level.

The strength in bleached board production reflected major increases in demand for both domestic and foreign use. For July alone the production of bleached kraft folding boxboard showed a 24% gain over its year-ago level, bringing the seven-month total some 14% over its comparable year-ago rate. Similarly, milk carton and food service stock showed a 6.7% gain for the January-July 1986 period, sparked by a 10% increase in cup stock and an 8.5% increase in plate, dish and tray stock.

In recycled paperboard, the major gains tended to be outside the packaging grades. Thus, production of recycled folding boxboard in the first seven months of 1986 was only 0.8% ahead of its year-ago rate, while set-up boxboard was 2.5% below its year-ago rate. However, the other uses, including gypsum wallboard facing, gained 8.8%

Continued on Page 12

Continued from Page 11

Capital Expenditures and Appropriations

The Department of Commerce recently reported that paper and allied products companies planned to spend $9.1 billion on new plant and equipment in 1986, a new high and 6.6% above the 1985 level. This compares with a decline of 2.6% in expenditures by all manufacturers in 1986 and a modest gain of 0.2% in expenditures by all industries.

The latest report by the Conference Board, however, suggests that the rate of increase in expenditures on new plant and equipment by paper and allied products companies will begin to slow down shortly. The Board reported that the paper and allied products companies included in the 1,000 largest U.S. corporations appropriated only $326 million for new plant and equipment in the first quarter of 1986, marking a decline of 57% from the average level of such appropriations during the preceding three quarters. The Board also reported that these companies spent a record-high $4.0 billion on new plant and equipment in 1985, which compares to the $8.5 billion total reported by the Department of Commerce for all paper and allied products companies.

The relatively low level of appropriations noted for the first quarter of 1986 was only 30% of the capital expenditure level. This brought the closing backlog of unspent appropriations to $4 billion -- 20% below their-ago level. While this backlog is still large enough to keep expenditures near current levels for the remainder of 1986, the current drop in appropriations does portend some downward pressures on future capital expenditures.

AUGUST 31, 1986

	Full Year		I N D U S T R Y D A T A 1985 - 1986 R	R	P	Ann. Rate Year - To - Date	% From Same Pd. Last Year
PAPER AND PAPERBOARD -- Tons (000)	1984	1985	May	June	July	1986	
Total Production (API).......: excluding :...	68450	67056	6045	5904	5742	70304	5.0
Total Seasonally Adjusted....:construction:...			5827	5884	6006	70094	5.0
Imports (including Products).: and wet :..E	10576	11106	996	897	N.A.	11129	0.5
Exports (including Products).: machine :..E	4309	4009	408	377	N.A.	4619	16.6
Apparent Consumption.........: grades :...	74717 a	74153 b	6416	6404	6531	76604 c	3.7
Paper Production % Tonnage Capacity...........	92.7 g	90.5 g	90.4	91.7	85.9	92.1 gh	-
Paperboard Production % Tonnage Capacity......	94.6 g	89.9 g	94.6	95.2	89.0	93.6 g	-
			Apr	May	June		
IMPORTS.....:Including Construction and :...	11075	11521	884	1029	924	11518	-0.9
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	416	415	385	4733	16.4
			Apr	May	June		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6897	6800	587	623	681	7476	8.6
TOTAL WOOD PULP PRODUCTION - Tons (000).........	55470	54170	4763	4771	4807	56875	4.4
WOOD PULP IMPORTS - TONS (000)..................	4490	4466	349	422	370	4490	-0.3
WOOD PULP EXPORTS - TONS (000)..................	3594	3791	358	365	372	4436	14.9
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			Apr	May	June		
Wood Pulp............:consumption for:.....	54562	53297	4619	4706	4660	55433	3.9
Waste Paper..........:construction & :.....	15926	15290	1345	1443	1384	16540	7.9
TOTAL..........: WMB grades :.....	70488	68632	5806	5806	5806	71973	4.8
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7742	7499	7563	90846	5.1
EMPLOYMENT (000)			May	June	July		
Paper and Allied Products..........Total......	682.3	683.3	687.5	696.8	689.6	687.1	0.8
Pulp, Paper and Board Mills........Total.....E	263.9	257.7	252.1	256.7	258.0	254.5	-1.9
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	10.44	10.82	11.05	11.12	11.14	11.09	3.3
Pulp, Paper Mills.........................E	12.45	13.11	13.42	13.53	13.53	13.45	3.9
Paperboard Mills..........................E	12.99	13.60	13.90	13.97	14.00	13.93	3.7
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q3	1985 Q4	1986 Q1		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.53	8.64	9.60	8.46	8.85y	3.8
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			May	June	July		
:IN PULP, PAPER :...Production Workers..........	125.5	125.1	132.2	131.5	132.3	131.1	5.2
:AND BOARD MILLS:...All Employees...............	123.9	124.1	132.1	131.9	133.1	131.2	6.5
PAPER AND ALLIED PRODUCTS (Million $)			May	June	July		
Industry Shipments (Dept. of Commerce)*........	95990	97664	8853	9125	9257	106179	9.1
Pulp, Paper and Paperboard*..................	41539	41830	3686	3836	4024	44885	7.6
Inventories (End of Period) - Total Industry*..	9701	9728	9757	9825	9942	9942	3.0
Pulp, Paper and Paperboard*..................	3662	3800	3883	3882	3913	3913	5.9
			1985 Q3	1985 Q4	1986 Q1		
Sales (Corporations Only)......................	71891	71465	17868	17694	17575	35150	-0.8
Earnings (Corporations Only)...................	3015	2880	597	695	589	1178	-17.7
Depreciation (Corporations Only)...............	2798	3099	802	775	820	1640	7.5
Net Worth (Corporations Only)..................	28160	29694	29564	29780	30033	30033	2.9
PRICE INDEXES (Bureau of Labor Stats)1967=100.			May	June	July		
Pulp, Paper & Products, ex. Building Grades....	292.9	292.2	291.3	292.1	293.7	290.3	-1.5
Wood Pulp......................................	395.0	347.2	345.1	357.5	367.7	343.0	-3.5
Waste Paper....................................	240.1	148.8	149.1	168.3	195.0	152.1	-6.2
Paper..	303.2	303.6	304.3	304.5	305.6	303.1	-0.5
Paperboard.....................................	280.6	275.5	266.3	268.6	270.5	266.4	-5.7
PAPER DEMAND (INDEXED: 1977=100)			May	June	July		
Total Paper Production *.......................	124.0	122.9	126.7	127.9	129.4	126.7	3.0
Paper New Supply *.............................	127.6	128.7	134.8	134.0	135.1	132.3	2.8
Demand Indicators - (Weighted Average) *.....	136.7	142.1	148.4	148.8	148.8	146.7	4.1
Production of Nondurable Goods *...(21.2%).	122.5	125.5	130.4	130.3	130.2	129.5	4.1
Disposable Income ....*.(23.9%)	124.0	126.8	130.7	130.6	130.8	129.7	2.5
Total Printing and Publishing *...(54.9%).	147.8	155.1	163.0	163.9	163.8	160.7	4.8
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.................	117.3	114.3	120.3	121.5	125.2	120.9	7.2
Production for Domestic Use	115.2	112.8	118.3	119.0	123.7	118.9	6.7
Demand Indicators - (Weighted Average) *.....	118.3	120.3	122.0	121.7	121.5	121.9	1.9
Production of Consumer Goods *...(62.06%)	118.2	120.7	124.6	124.2	123.9	123.9	3.5
Production of Equipment *...(5.75%)	140.5	147.1	141.7	140.1	140.1	143.2	-2.1
Production of Materials *...(32.19%)	114.6	114.7	113.5	113.5	113.6	114.4	-0.4
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
NEWSPRINT MARKETS			Apr	May	June		
Consumption by Publishers - Tons (000).........	12602	12773	1102.3	1140.9	1094.6	12855	3.1
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	461.0	461.0	461.0	920	2.1
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)...........	157798	154118	13541	13994	12700	150830	-0.8
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	3213	3112	3121	37444	10.5
Inventories (End of Period).	2724	3155	3157	3117	3217	3217	7.9
FIBRE BOX DATA (Fibre Box Association)			May	June	July		
Fibre Box Shipments (Million square feet).......	267549	267451	23293	23431	23976	282267	6.2
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2394	2320	2380	2380	-15.6
RETAIL TRADE (Million $)			Apr	May	June		
Total Retail Sales *.........................	1291835	1378161	117139	118675	118602	1411836	4.0
Nondurable Goods Stores Sales *...............	841417	866541	72535	73121	73365	878506	2.5
GENERAL ECONOMIC DATA			May	June	July		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.5	124.6	124.2	124.1	125.0	0.8
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.4	308.8	299.2	298.9	297.2	301.0	-2.7
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	326.3	327.9	328.0	327.1	2.3
			Apr	May	June		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	497.4	550.2	556.8	566.1	566.1	13.8
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q4	1986 Q1	1986 Q2		
G.N.P. or Expenditure - Current $..............	3765.0	3998.1	4087.7	4149.2	4182.3	4165.8	5.8
G.N.P. or Expenditure - 1982 $.................	3489.9	3585.2	3622.3	3655.9	3665.7	3660.8	2.9

	lb/capita			
	Pap&Papbd	Othr	Totl	Popul(mil)
.a -	631 +	19 =	650	236.7
.b -	620 +	18 =	638	238.6
.c -	636 +	17 =	653	240.0e

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data: standard dev. = 6-8%
N.A. - Not Available
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

August 31, 1986

PRODUCTION (000 TONS)

	July 86	June 86	July 85	Jan. - 86 -	July 85	% Change 86/85
PAPER GRADES						
Newsprint	477	463	458	3269	3200	2.1
Printing & Writing	1589	1626	1488	11269	10784	4.5
Uncoated Groundwood (s)	128	123	120	871	857	1.6
Coated Paper (s)	482	504	467	3504	3547	-1.2
Uncoated Free Sheet Paper (s)	872	877	801	6089	5620	8.3
Thin Paper (s)	19	18	17	135	141	-4.0
Cotton Fiber Paper (s)	11	13	10	88	84	5.9
Bleached Bristols (s)	76	92	73	581	535	8.6
Tissue Paper	360	421	409	2915	2877	1.3
Total Pkg & Other Paper	422	417	414	3006	3018	-0.4
Unbleached Kraft Packaging & Indl. Converting (s)	285	274	281	1984	1980	0.2
Other Paper *	138	143	133	1022	1039	-1.6
TOTAL PAPER	2848	2926	2769	20458	19879	2.9
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1439	1508	1327	10182	9532	6.8
Unbleached Kraft Linerboard	1327	1385	1215	9394	8837	6.3
Other Unbl. Kraft Paperboard	111	123	112	789	695	13.5
Semichemical Paperboard	441	452	420	3091	2940	5.1
Bleached Paperboard	377	347	320	2527	2298	10.0
Recycled Paperboard	637	671	589	4752	4395	8.1
TOTAL PAPERBOARD	2893	2978	2657	20553	19165	7.2
TOTAL PAPER AND PAPERBOARD	5742	5904	5426	41011	39044	5.0
WOOD PULP (ALL GRADES)	June 86	May 86	June 85	Jan. - 86 -	June 85	% Change 85/84
Dissolving & Special Alpha	107	110	94	624	632	-1.3
Bleached Sulfite	115	116	99	695	687	1.1
Unbleached Sulfite	15	15	8	86	103	-16.8
Bleached & Semi-Bl. Sulfate	2037	1958	1994	11966	11390	5.1
Unbleached Sulfate	1742	1766	1573	10306	9734	5.9
Semichemical	345	340	337	2034	2032	0.1
Groundwood & Thermomechanical	447	466	419	2726	2671	2.1
TOTAL PULP DIVISION DATA	4807	4771	4523	28437	27249	4.4

(s) - Shipments
P - Preliminary
R - Revised

10/14/86 A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 9 SEPTEMBER 1986

Paper and Paperboard Production: Running Strong

Paper and paperboard production is maintaining the record-high pace it established earlier this year. The trend position in August (the average of the July and August seasonally adjusted annual rates) exceeded the 70 million tons per year mark, as it has since May. The total unadjusted production levels dropped in July due to holiday shutdowns, but have since returned to the record range of 6 million tons a month reached at the beginning of the year. For the January-August period, production was more than 5% over its year ago level but more significantly, the performance so far this year also compares favorably with the record year of 1984, with the current seasonally adjusted annual rate some 2.6% above that year's total.

Paperboard output continues to lead the growth pace, reaching a cumulative total in August that was 7.2% over the comparable 1985 figure. Production for export, including both unbleached kraft linerboard and bleached kraft paperboard, continued to post large gains over last year. Preliminary weekly figures for the first two weeks of September indicate that demand for paperboard will continue to be the stronger of the two sectors.

Trends most worthy of note among the individual paper and paperboard grades include those for uncoated freesheet papers up 8.1% over last year's rate; containerboard production for domestic use up some 7% from the comparable 1985 level; and all paperboard production for export, at a rate of 2.8 million tons per year, up 13.4%.

Paper: Total paper production so far this year leads production for the same period last year by 3%. The August 1986 trend level held close to the previous month's record high of over 35.5 million tons per year. This rate compares well with the 1984 record total of 34.4 million tons. The overall trend, however, reflects differing performances among the individual grades.

Continued on Page 2

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Continued from Page 1

Newsprint production has advanced consistently over the performances of previous years, with the eight month 1986 total 2.7% over the comparable year-ago rate. Total newsprint consumption, which had traced a flat trend from the start of 1979 through the middle of 1983, is now at its highest level ever, close to 14 million tons per year. Imports constitute an increasing percentage of this consumption total, moving up another 3 percentage points since the beginning of this year, from 59% to 62%. Consumption by newspaper publishers, which represents nearly three quarters of the total newsprint market, is at a volume comparable with the record levels of 1984.

Tissue paper production is also maintaining a brisk pace. If the rate of production over the last eight months continues, the total for this year will weigh in at 5.1 million tons, 2.6% over last year's total and closer to 3% over the same figure for 1984. Imports of these papers, at 58,000 tons per year, were 1.9% over last year for the January-July period, while exports, at 16,000 tons per year, were down 23.2%.

The major sector of strength for paper, both in terms of tonnage and growth, is in uncoated freesheet papers. Shipments of these papers in the first 8 months of 1986 were at a record-high rate of 10.5 million tons per year, 8.1% above their year-ago level and 13.6% above their 1984 total. The strength in demand for these papers reflects continuing increases in their use in tandem with computer technology, especially among users of personal-sized computers. Demand at commercial printers and business form converters, which accounted for nearly half of the end-use markets for uncoated freesheet papers in 1985, is also strong, remaining at the levels reached at the beginning of 1986. Imports of the grade also remained high in August, with the seven-month total at an annual rate of 440,000 tons.

Demand for domestically-produced coated paper continues its recovery from the 1985 lows. The August 1986 shipments total of 556,000 tons marked a high for the year and, in fact, was second only to the 564,000 tons shipped in January 1985. The August shipments total brought the year-to-date average rate to 6.1 million tons per year, about 1% above the comparable year-ago rate and only 2.5% below the 1984 record high.

These gains reflect rising demand for coated papers in virtually all its major markets. In particular, shipments of coated papers to commercial printers were 5% above their year-ago level in this period, while shipments to magazine publishers, which had lagged last year's rates throughout this year, were just about equal to their comparable 1985 total.

Continued on Page 10

PAPER AND PAPERBOARD STATISTICS

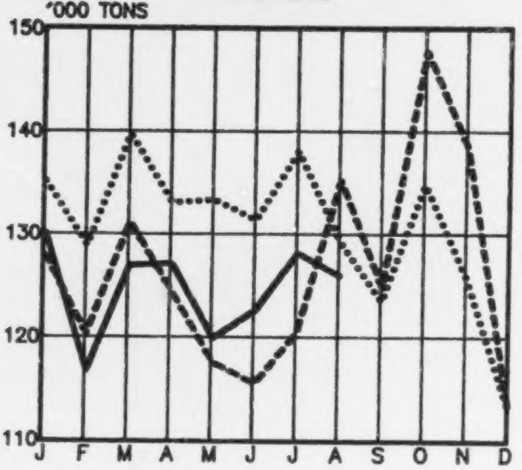
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR		MAY	JUN	JUL	AUG	Annual Rate Y-T-D	% Change From same Period Last Year
	1984	1985	1986	1986	1986	1986	1986	
PAPER								
Newsprint - Production	5539	5428	492	463	477	486	5632	2.7
- Shipments	5584	5417	489	469	465	472	5537	1.8
Printing & Writing sum	18397	18450	1608	1628	1590	1607	19318	4.3
Groundwood Paper - Shipments	1565	1516	120	123	128	126	1495	0.5
- New Orders	1575	1477	115	139	156	145	1579	9.5
-Unfilled Orders	140	106	99	117	145	169	169	55.7
Coated Papers - Shipments	6249	5875	497	504	484	556	6092	0.6
- New Orders	6281	5642	487	529	553	580	6286	11.1
- Unfilled Orders	575	393	402	424	498	532	532	55.0
Unctd Free Sheet - Shipments	9207	9750	877	877	874	881	10456	8.1
- New Orders	8939	9704	904	875	889	872	10530	10.1
- Unfilled Orders	430	509	570	563	581	557	557	26.7
Thin Papers - Shipments	267	241	19	20	18	15	225	-5.2
Cotton Fiber Paper - Shipments	147	144	13	13	11	13	151	5.9
Bleached Bristols - Production	961	924	83	92	77	87	1003	9.5
Tissue Paper - Production	4921	4941	445	419	395	429	5069	2.6
Total Packaging & Other Paper	5555	5202	435	417	417	422	5134	-1.1
Unbl. Kraft Paper - Shipments	3666	3403	282	274	279	272	3375	-0.5
Other Paper - Production	1889	1799	153	143	138	151	1759	-2.1
TOTAL PAPER-Production-Unadj.	34411	34021	2980	2926	2880	2945	35152	3.0
-Production-S.A.			2925	2953	3019	2916	35128	3.2
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25404	2360	2307	2256	2398	27299	7.2
Total Unbl. Kraft Paperboard	17185	16368	1529	1508	1439	1575	17635	7.5
Unbl. Kraft Linerboard (1)	16037	15183	1411	1385	1331	1455	16280	7.1
Production for Export	2086	1830	169	181	163	206	2099	15.5
Other Unbl. Kraft Paperboard	1149	1184	119	123	107	119	1356	12.4
Semichemical Paperboard	5169	5088	457	452	441	482	5359	5.5
Production for Export	149	189	13	15	14	26	193	5.7
Solid Bleached Paperboard	4048	3948	373	347	377	342	4304	7.9
Production for Export	478	466	46	43	46	42	513	9.2
Recycled Paperboard	7637	7630	705	671	637	687	8159	7.5
Production for Export	17	26	2	3	2	1	24	-7.8
TOTAL PAPERBOARD-Prod.-Unadj.	34039	33034	3065	2978	2893	3086	35458	7.2
- Containerboard Prod.(Dom. Use)	20993	20042	1862	1810	1773	1888	21420	6.9
- Boxboard Prod.(Dom. Use) (2)	5783	5673	514	485	475	483	5969	4.5
- All Other P'bd Prod.(D.U.) (2)	4531	4808	459	441	420	440	5239	8.8
- Total Paperbd Prod. for Export	2731	2511	230	242	225	275	2830	13.4
TOTAL PAPERBOARD PROD.- S.A.			2903	2931	3020	2987	35111	7.2
TOTAL PAPER AND PAPERBOARD Production - actual	68450	67055	6046	5904	5773	6030	70610	5.1
Production - S.A.			5828	5883	6039	5904	70238	5.2

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

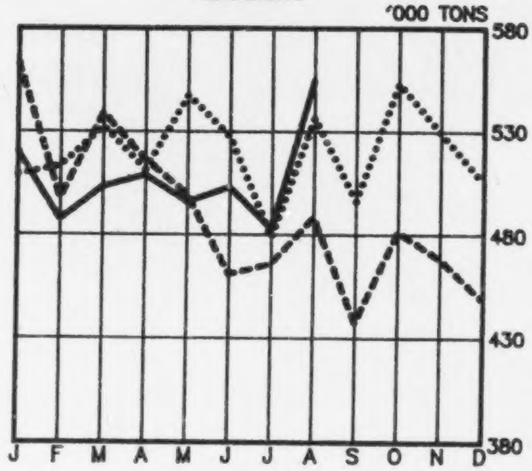
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



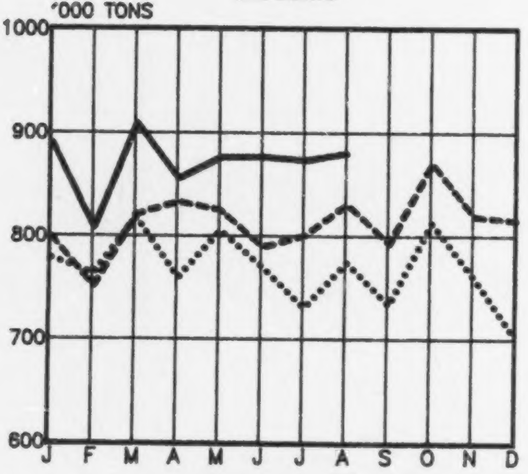
COATED PAPER

SHIPMENTS



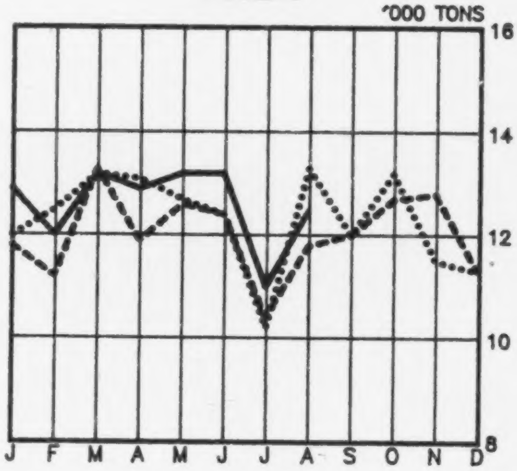
UNCOATED FREE SHEET PAPERS

SHIPMENTS



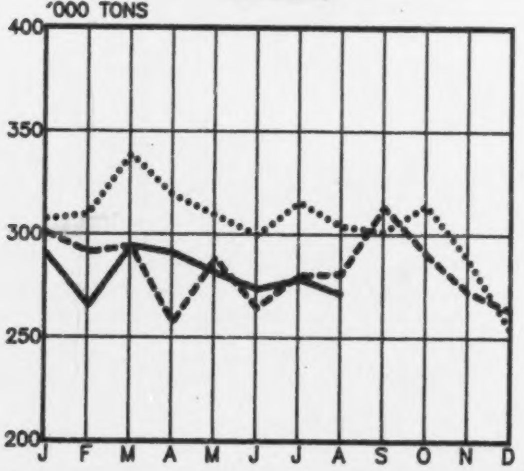
COTTON FIBER PAPER

SHIPMENTS



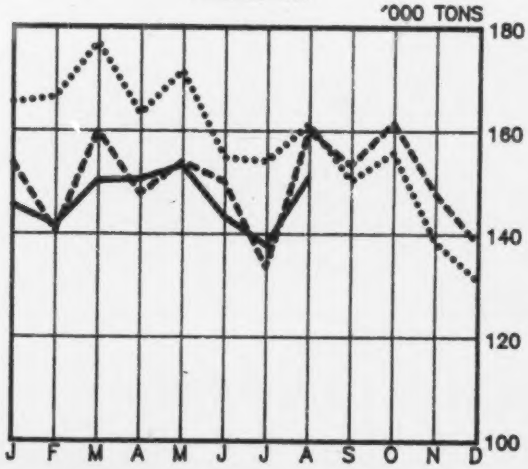
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 ········ 1985 ----- 1986 ———

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR		APR	MAY	JUNE	JULY	Annual Rate Y-T-D	% Change from same Period
	1984	1985	1986	1986	1986	1986	1986	Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	55470	54170	4763	4771	4842	4726	56911	4.6
- Imports	4490	4466	349	422	370	401	4538	0.1
- Exports	3594	3791	358	365	372	299	4316	11.2
- New Supply	56367	54844	4754	4828	4840	4828	57133	3.8
Dissolving Pulp - Production	1206	1174	97	110	107	103	1246	1.0
- Imports	161	175	22	13	22	20	245	47.5
- Exports	595	631	62	63	54	46	659	-8.1
- New Supply	772	718	58	60	74	77	831	21.8
Paper Grades Chemical Pulp - Production	44690	43696	3859	3856	3940	3781	46054	5.2
- Imports	4023	4104	320	385	343	369	4186	0.9
- Exports	2945	3131	292	299	314	251	3591	14.4
- New Supply	45767	44668	3887	3942	3968	3899	46649	4.2
Groundwood and Thermo-Mech. - Production	5506	5251	459	466	450	474	5492	2.7
- Imports	306	187	7	24	6	12	107	-51.0
- Exports	54	29	4	3	4	2	66	164.9
- New Supply	5758	5409	462	486	452	484	5534	-0.1
Semi-Chemical - Production	4069	4050	347	340	345	368	4119	1.6
- Imports			- - - -	Included in Groundwood Pulp			- - - -	
- Exports								
- New Supply	4069	4050	347	340	345	368	4119	1.6
MARKET WOOD PULP								
Total Market Wood Pulp - Production	6898	6800	587	623	640	636	7428	7.4
- Imports	2968	2791	247	281	255	242	3021	8.2
- Exports	3511	3784	355	321	424	314	4385	15.3
- New Supply	6355	5807	479	583	471	565	6064	2.7
Dissolving Pulp - Production	1205	1171	97	109	105	102	1237	0.3
- Imports	204	174	22	10	20	12	203	12.0
- Exports	690	666	66	57	67	52	699	1.2
- New Supply	718	679	52	61	58	63	741	2.4
Paper Grades Chemical Pulp - Production	5680	5605	491	512	533	533	6182	9.2
- Imports	2664	2531	221	253	225	224	2732	7.7
- Exports	2821	3117	289	264	357	262	3687	18.6
- New Supply	5523	5019	422	502	402	495	5227	2.7
Groundwood Pulp and All Other - Production	14	24	0	1	2	0	10	-54.0
- Imports	100	86	4	19	10	6	86	14.0
- Exports	1	1	0	0	0	0	0	0.0
- New Supply	114	109	4	20	11	7	96	1.4

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

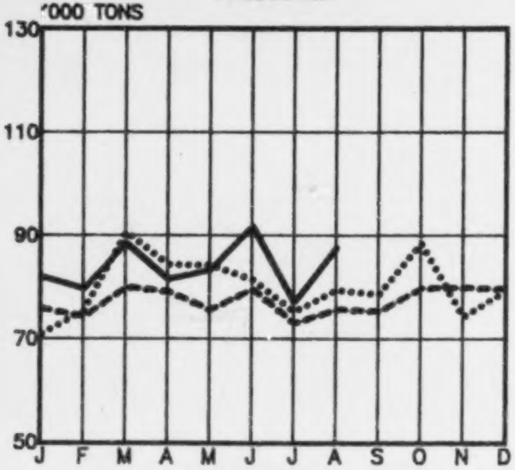
FIBROUS RAW MATERIALS
(Thousands of tons)

CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	70488	68584	5976	6149	6078	5924	72010	5.1
Total Wood Pulp	54562	53297	4619	4706	4694	4604	55463	4.0
Waste Paper	15926	15290	1358	1443	1384	1320	16547	9.0
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	174	164	149	164	171	176	176	-5.2
Producers' Market Inventories	585	486	365	365	304	353	353	-37.4
Consumers' Purchased Inventories	545	492	537	508	568	579	579	24.1
Waste Paper at Paper & Bd. Mills	1053	967	891	844	843	884	884	-12.8
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	20	21	18	21	21	-40.0

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary: R - Revised: (0) - Indicates zero to five-hundred short tons

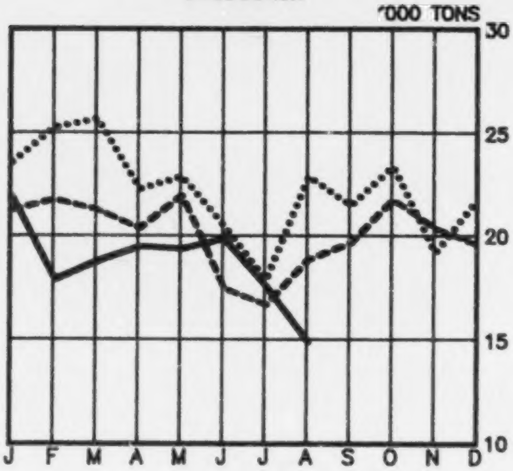
BLEACHED BRISTOLS

PRODUCTION



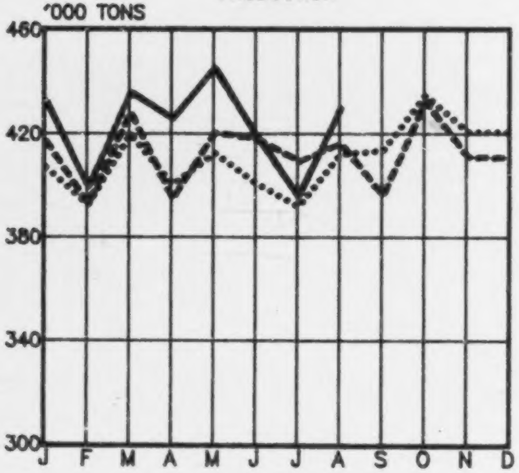
THIN PAPER

PRODUCTION



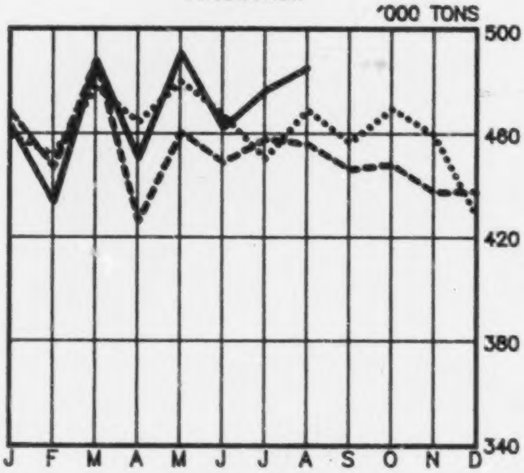
TISSUE PAPER

PRODUCTION



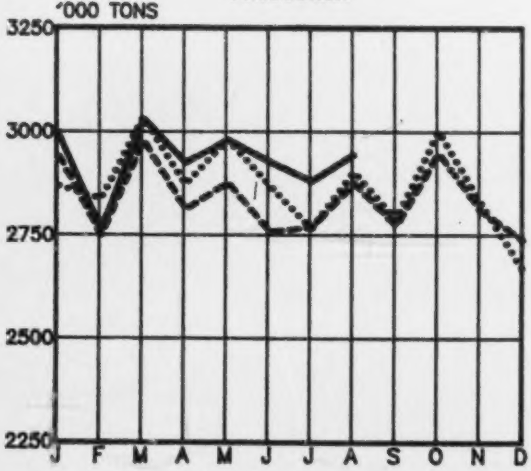
NEWSPRINT

PRODUCTION



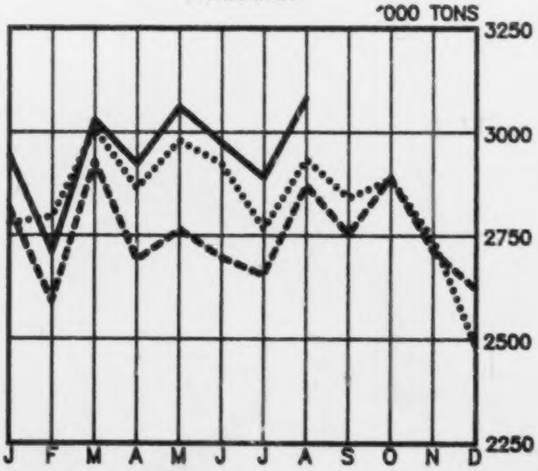
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1984 ········ 1985 - - - - - 1986 ———

FIBROUS RAW MATERIALS
(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1984	1985	APR. 1986	MAY 1986	JUNE 1986	JULY 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	88876	85503	7591	7277	7372	7770	90643	5.9
	- Total Consumpt	87646	85744	7742	7499	7563	7812	91260	6.0
	- Residues *	32072	30447	2974	2864	2748	2576	33077	9.2
	- Inventories	5574	5046	5335	4910	4851	4836	4836	-0.9
So. Atlantic	- Total Receipts	27654	27589	2573	2381	2427	2480	29707	9.1
	- Total Consumpt	27344	27815	2551	2395	2480	2531	29635	7.6
	- Residues *	8198	7970	802	816	779	682	9237	20.1
	- Inventories	1444	1117	1147	1117	1096	1062	1062	-2.2
Northeast	- Total Receipts	7665	7430	520	526	596	598	7176	-3.6
	- Total Consumpt	7474	7394	639	573	615	582	7390	-3.9
	- Residues *	1501	1539	138	118	123	98	1411	-10.8
	- Inventories	590	544	411	360	345	351	351	-14.2
South Central	- Total Receipts	30693	29786	2604	2539	2496	2745	31414	4.6
	- Total Consumpt	30502	29914	2623	2711	2578	2746	31822	5.3
	- Residues *	9059	9207	829	823	778	809	9645	4.2
	- Inventories	1304	1198	1262	1087	992	992	992	-13.6
North Central	- Total Receipts	6872	6430	423	484	522	578	6423	-0.3
	- Total Consumpt	6563	6296	567	567	580	561	6705	5.8
	- Residues *	1472	1290	92	88	78	76	1046	-21.2
	- Inventories	906	884	873	807	762	789	789	-9.4
West	- Total Receipts	15992	14264	1471	1347	1331	1369	15922	10.4
	- Total Consumpt	15763	14325	1362	1253	1310	1392	15708	9.8
	- Residues *	11842	10458	1113	1019	990	911	11739	12.5
	- Inventories	1330	1303	1642	1539	1656	1642	1642	20.1

* - Consumption of Residues in Cord Equivalents.   SOURCE: American Pulpwood Association   30-Sep-85

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1985 Tons	$000's	JUNE Tons	1986 $000's	JUBY Tons	1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	1039	74	2960	183	39770	24.9
Pulpwood chips	788486	21955	74301	1651	28817	749	830710	-4.6
Wood Pulp, Total	4020736	1385871	345483	116247	363842	127244	3907558	-4.7
Waste Fibrous Materials, Total	144564	26371	15581	2733	14962	2764	167201	5.8
Paper, Board & Products, Total	9734523	4306694	765448	332666	961130	429424	9939163	2.3
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	756289	317759	951025	412837	9822219	2.0
Paper, Paperboard & Products	9380235	4215314	745985	326795	938381	422606	9686597	4.0
Paper & Paperboard, Only	9286488	4073606	736827	311888	928276	406019	9569653	3.7
Paper, Total	9132128	4030872	723208	308192	905720	398966	9351826	3.0
Newsprint	8117986	3496944	647303	270394	801094	344309	8338349	2.6
Printing, Writing & Rel. Pap.	841500	435561	56479	28448	81539	42624	801273	1.5
Pack. & Ind. Conv. Paper	124100	64640	16539	7270	17706	8069	172401	53.7
Special Industrial Paper	3463	5393	293	492	491	829	4428	40.6
Tissue Paper	45081	28334	2594	1587	4889	3136	35375	-28.8
Paperboard, Total	154360	42734	13619	3696	22556	7053	217827	43.5
Convtd Paper&Paperbd Products	93747	141708	9158	14907	10104	16587	116944	43.5
Wet Machine Board	2184	1481	196	130	183	116	2290	7.9
Construction Paper & Board	352104	89898	19266	5741	22566	6701	250276	-37.5

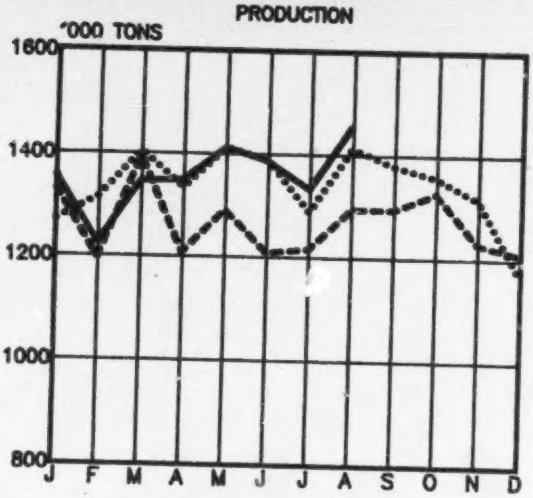
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	4742	286	3774	238	42063	7.2
Pulpwood chips	82626	4780	3385	247	11981	560	74350	-11.3
Wood Pulp, Total	203934	79541	22264	6369	20325	5879	267645	32.9
Cotton Pulp & Other Pulp	15083	6252	2519	701	2453	921	26285	157.8
Waste Paper	209087	23249	17029	1845	23606	2585	195093	-14.7
Paper, Board & Products, Total	736140	485290	74806	36578	83357	33513	920287	26.4
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	63896	26252	71673	21980	772468	37.6
Paper, Paperboard & Products	710785	473839	72159	35700	82040	32820	893785	27.0
Paper & Paperboard, Only	554413	322162	61249	25374	70356	21288	745966	39.0
Paper, Total	271754	223971	20824	16640	23055	14187	296929	3.3
Newsprint	3757	3276	524	464	386	359	3907	26.7
Printing, Writing & Rel. Pap.	133800	118625	10882	8362	9690	7249	123324	-16.2
Pack. & Ind. Conv. Paper	41327	23536	1751	1156	1193	860	26104	-43.7
Special Industrial Paper	90071	74893	7384	6154	11443	5141	140655	59.6
Tissue Paper	2799	3641	284	504	343	578	2940	7.3
Paperboard, Total	282658	98191	40425	8734	47301	7101	449036	80.1
Convtd Paper&Paperbd Products	156372	151676	10910	10325	11684	11533	147819	-11.5
Wet Machine Board	5786	4243	1501	445	362	269	9938	84.5
Construction Paper & Board	19570	7209	1146	433	955	423	16563	-13.3

SOURCE: Bureau of Census, Department of Commerce   E - Estimate of tonnage based on square foot data   30-Sep-86

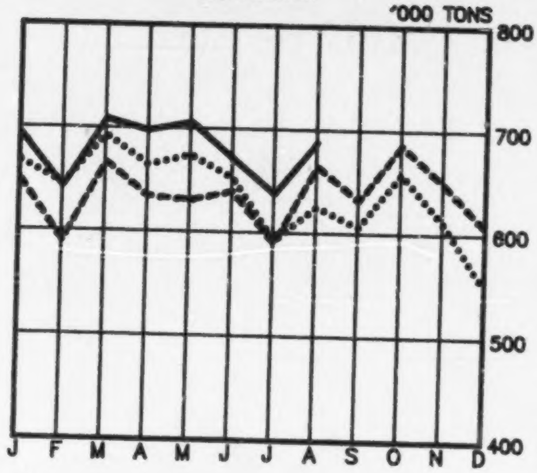
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



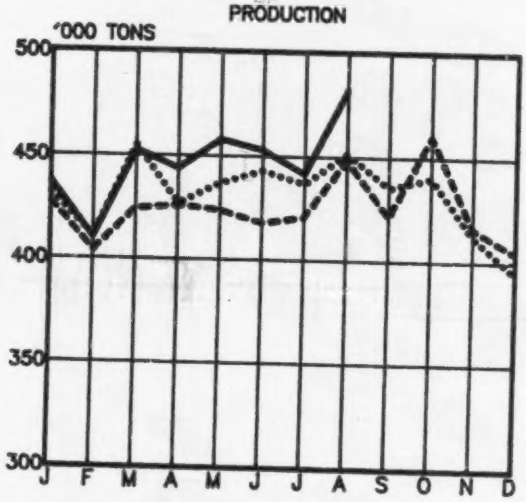
RECYCLED PAPERBOARD

PRODUCTION



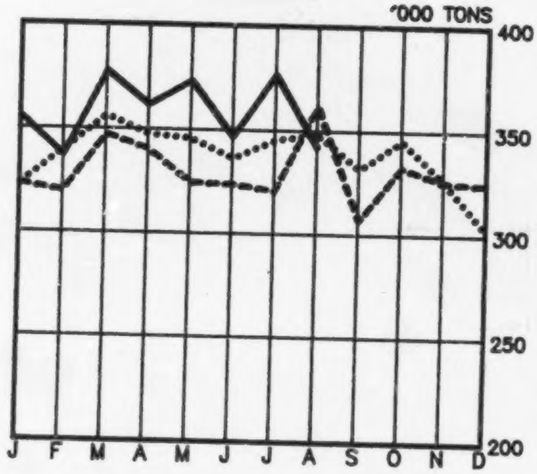
SEMICHEMICAL PAPERBOARD

PRODUCTION



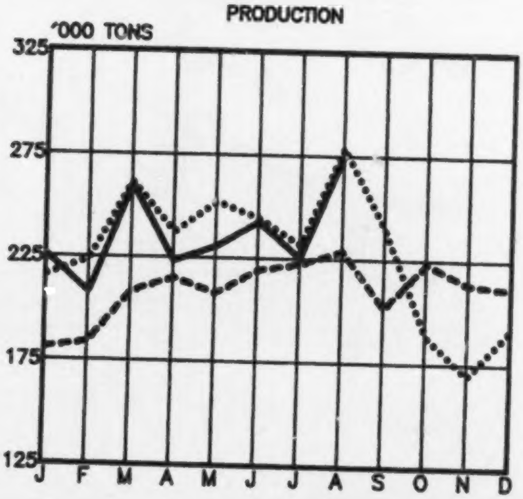
SOLID BLEACHED PAPERBOARD

PRODUCTION



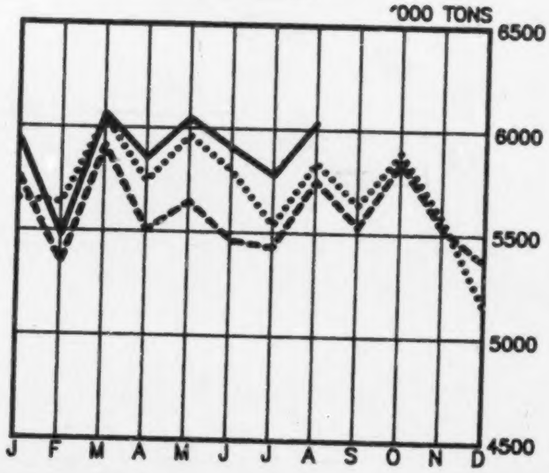
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ········ 1985 ------1986 ———

PULP PAPER AND PAPERBOARD IMPORTS AND EXPORTS DATA

IMPORTS

	YEAR 1985 Tons	YEAR 1985 $000	1986 JUNE Tons	1986 JUNE $000	1986 JULY Tons	1986 JULY $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood Roundwood (cords)	31755	2606	1039	74	2960	183	41655	-15.4
Pulpwood Chips	789382	22006	74340	1660	28836	752	832985	-4.5
Total All Imports	16156209	7255817	1317755	590363	1556047	722034	16593043	2.1
Wood Pulp Total	4465746	1520907	370463	124962	401313	140114	4538361	0.1
Waste Paper	87413	10160	8222	984	7874	882	97574	21.6
Other Fibrous Materials	81430	26949	15280	2852	8267	2737	132948	35.1
Paper Board & Products Total	11521619	5697802	923790	461565	1138593	578300	11824161	2.5
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	892816	397365	1103668	504616	11461173	1.7
Paper Ppbd & Prds ex Cnst&WMB	11105154	5586077	897063	452347	1108182	568352	11485537	3.7
Paper & Paperboard Only	10821629	4962757	866089	388147	1073257	494667	11122549	2.9
Paper Total	10637428	4906882	848650	382622	1048475	485723	10863756	2.2
Newsprint	8496568	3638716	678137	282584	822825	353051	8655653	2.2
Printing & Writing	1912867	1116225	147196	86121	198195	116000	1917881	-1.4
Uncoated Groundwood	1027211	530619	68852	34134	102420	51744	948981	-8.6
Coated Print.& Impreg. Pap.	496072	363855	47448	33739	48660	36259	481687	-10.8
Uncoated Free Sheet	364848	198432	26893	15607	44304	25565	443296	30.7
Uncoated Book	200927	106586	12919	7636	22442	13195	226245	22.5
Writing and Similar Paper	163921	91846	13974	7970	21862	12371	217051	40.5
Thin (except Cigarette)	23712	22276	3960	2589	2717	2355	43288	69.3
Bristols	1024	1043	42	52	95	77	628	-45.2
Total Pkg & Other Paper	172003	116390	19709	11522	22204	13090	231312	42.7
Unbleached Kraft Paper	63604	23976	10902	4070	11294	4206	103905	116.2
Other Pkg. & Indust. Paper	108398	92414	8808	7452	10910	8884	127407	11.8
Tissue	55991	35551	3608	2395	5251	3581	58910	1.9
Paperboard, Total	184201	55875	17439	5525	24782	8945	258792	44.6
Test or Containerboard	50975	16848	5068	1653	7043	2324	71924	42.4
Semi-Chemical Corrugating	65203	13706	6000	1242	11099	3313	96242	52.8
Other Paperboard	68023	25321	6371	2629	6640	3308	90626	38.4
Convtd Paper&Paperbd Products	283525	623320	30975	64200	34925	73684	362988	39.6
Paper Products, Total	258934	572316	28319	58473	32089	67929	334163	41.8
Paperboard Products, Total	24592	51004	2656	5727	2836	5755	28824	18.4
Wet machine Board	3270	2585	244	236	240	178	3419	5.9
Construction Paper & Board	413196	109140	26483	8982	30171	9770	335206	-26.8
Notes								
Other: No Weight Avail. ($000)		228219		18055		22271	205418	-4.5
Total Imports Incl. Other($000)		7484036		608418		744305	7680149	2.0

EXPORTS

Pulpwood, Roundwood (cords)	51765	3037	5336	313	3774	238	(1) 47205	18.3
Pulpwood Chips	2116137	168814	111715	8407	205047	15103	2139967	-5.8
Total All Exports	11261281	4042068	1075527	382548	1051826	364271	12977999	14.8
Wood Pulp,Total	3791102	1352708	372043	140262	299457	113796	4316093	11.2
Cotton Pulp and Other Pulp	107224	71802	8929	4482	9779	5043	168182	76.4
Waste and Old Paper	3285926	349258	309857	33756	310006	33501	3695167	12.0
Paper, Board & Products,Total	4077029	2268300	384698	204048	432584	211931	4798558	19.1
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3586119	1588157	342077	147582	393747	157915	4295848	22.3
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	376965	200168	425892	208047	4705778	18.8
Paper & Paperboard, Only	3517311	1548451	334344	143702	387055	154031	4203068	21.9
Paper, Total	779000	594338	66255	53108	83248	52229	863891	9.2
Newsprint	314385	131379	26919	14877	45735	21287	347963	10.1
Printing & Writing	202826	201845	17524	15685	14009	12996	195563	-4.2
Uncoated Groundwood	36779	31727	3654	2483	2828	1989	45737	26.4
Clay Coated Paper	82461	65710	7008	5122	5896	3812	80951	6.3
Uncoated Free Sheet	64573	77929	4783	6164	3577	5224	49843	-29.1
Other Printing & Writing	19013	26479	2080	1917	1707	1970	19032	-11.2
Total Pkg. & Other Paper	243671	242909	20259	20580	22289	16177	304658	21.7
Unbleached Kraft	67695	29931	6368	2500	4982	1968	77528	5.7
Other Pkg. & Indust. Paper	175976	212978	13891	18080	17306	14209	227130	28.3
Tissue	18118	18205	1553	1966	1216	1769	15706	-23.2
Paperboard, Total	2738310	954113	268089	90595	303807	101802	3339177	25.7
Solid Wood Pulp	2492746	872281	237477	85273	261827	96150	2965939	21.3
Total Linerboard	1807151	480909	173167	50539	195282	58877	2169530	25.6
Bleached Kraft Linerboard	130359	45687	13431	5447	13107	5468	154811	29.6
Unbleached Kraft Linerbd	1676791	435222	159736	45093	182175	53409	2014718	25.3
Other Unbleached Kraft	100651	41053	13292	4750	15548	5621	158571	36.8
Other Bleached Kraft	523091	335026	45063	28358	46156	30286	568472	3.8
Semi-Chemical Corrugating	61853	15293	5955	1626	4841	1366	69367	28.0
Recycled Paperboard	245564	81833	30613	5321	41980	5652	373238	76.6
Convtd Paper&Paperbd Products	490910	680143	42621	56465	38837	54015	502710	-2.2
Paper Products, Total	237191	464174	17128	36655	17794	34996	224721	-12.0
Paperboard Products, Total	253719	215970	25494	19810	21044	19020	277989	7.6
Wet Machine Board	13380	6930	2227	691	985	502	19287	49.3
Construction Paper & Board E	55429	32776	5506	3190	5707	3382	73493	37.9
Notes								
Other: No Weight Avail. ($000)		6618		839		555	8107	23.0
Total Exports Incl. Other($000)		4048687		383386		364826	4463196	7.2

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1984	1985	MAY 1986	JUNE 1986	JULY 1986	AUGUST 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.2	291.3	292.1	293.7	295.8	291.0	-1.1
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.8	294.6	293.7	294.2	295.4	297.4	293.2	-1.1
Total Wood Pulp	395.0	347.2	345.1	357.5	367.7	365.9	345.8	-2.1
Total Paper	303.2	303.6	304.3	304.5	305.6	307.5	303.7	-0.3
Total Paper, exc. Newsprint	301.2	298.8	298.9	298.8	299.2	302.5	297.9	-0.7
Newsprint	324.1	332.9	324.1	323.1	323.6	322.2	323.8	-2.9
Total Paperboard	280.6	275.5	266.3	268.6	270.5	274.1	267.4	-4.7
Total Paper and Paperboard *	296.1	294.8	292.4	293.2	294.6	297.0	292.3	-1.6
Converted Products	280.7	288.1	288.4	287.8	288.2	290.3	287.5	-0.6
Waste Paper	240.1	148.8	149.1	168.3	195.0	200.3	158.1	-0.9
All Commodities	310.4	308.9	299.2	298.9	297.7	297.2	300.6	-2.7
Industrial Commodities	322.6	324.0	311.7	311.6	308.5	307.7	313.5	-3.2

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

Continued from Page 2

Shipments of domestically-produced groundwood papers, which had been consistently below year-ago levels throughout this year, have recovered to the point where the current year-to-date total is slightly above the corresponding eight-month 1985 total. The largest market for these papers is periodicals other than magazines, and shipments to these markets were above their year-ago totals in the January-August 1986 period.

Imports of groundwood papers, as reported by the API's Printing-Writing Division were about 5% over their year-ago level in the first seven months of 1986, accounting for about 45% of the total new supply (production plus imports minus exports).

The packaging and industrial grades of paper, by way of contrast, were down 1.1%, reflecting continued declines in the demand for multiwall sack papers, wrapping papers and bag and sack papers other than grocers.

Paperboard: Production of most grades of paperboard has continued strong since the July holiday shutdowns.

Production of containerboard for domestic use in August, for example, moved above the 1.8 million tons per month level, marking the third month this year that this record-breaking level was exceeded. The year-to-date rate was 21.4 million tons per year, 7% over its year-ago level. This strength is consistent with the pattern of shipments of fibre boxes, which also is sustaining its strong performance and is now running at 285 billion sq. ft. per year, 5.5% over its year-ago rate. There was a small decrease in inventories at box plants during August, bringing them to the lowest

Continued on Page 11

Continued from Page 10

level of the year. Mill inventories also remained low, with the Sept. 1, 1986 level some 62% below that of a year ago.

Production of unbleached kraft linerboard -- the largest component of containerboard -- is also at record high levels. The August 1986 total of 1,455,000 tons represents the highest monthly total ever reached. This record-high rate reflected not only strong domestic demand, but also a resurgence in export demand. Production of kraft linerboard for export in August, at 206,000 tons, brought the year-to-date rate to 2.1 million tons per year, a healthy 15.5% above the comparable year-ago figure.

The production of boxboard for domestic use showed a similar pattern. The August 1986 level of 483,000 tons matched the June pre-holiday shutdown level and brought the rate to 6.0 million tons per year, which exceeds the 1985 total by more than 5% and the 1984 total by 3.2%.

Total production of paperboard for export appears to be responding nicely to the drop in the value of the dollar on international currency markets. At an annual rate of 2.83 million tons, this figure is 13.4% over its year ago level for the January-August period. Production for export of all the major grades of paperboard showed similar activity except recycled paperboard, which was down 7.8% from a year ago. Production of solid bleached and semichemical paperboard for export was up 9.2% and 5.7%, respectively.

FIBROUS RAW MATERIALS

Consistent with the trend in total paper and paperboard production, paper grade wood pulp production in the first seven months of 1986 ran 5.2% ahead of its year-ago rate. Total wood pulp production, at 56.9 million tons per year, maintained a record-high rate, equivalent to 97% of the reported capacity total.

Use of waste paper at paper and paperboard mills was also at a record-high rate, at an average of 17 million tons per year for the January-July 1986 period, 9.0% above its year-ago level. The table at the bottom of page 5 shows that waste paper accounted for 23% of total fibrous materials consumed in the first seven months of 1986, compared to 22.6% for all of 1985.

Demand for paper grade chemical market pulp was considerably stronger than the total demand. Data available for August 1986 show shipments of these grades of wood pulp up 7% from its year-ago level, bringing the 1986 year-to-date total 10.3% over the total for 1985.

Continued on Page 12

Production of these pulps was also strong, up 9%. Shipments were augmented by 120,000 tons per year coming from producers' inventories. At 6.2 million tons per year, the production rate was equivalent to 94% of the capacity total reported in the API's October 1985 capacity survey.

The strong gain in shipments reflected strength in all the major markets. Among the smallest gain, however, was shipments to the domestic markets. These shipments, which accounted for 42% of the market pulp total, were only 4% above their year-ago total even though production of printing and tissue papers -- the major markets for these pulps -- were at record-high rates.

Export shipments, on the other hand, were 18% above their year-ago total in the first eight months of 1986. The major gain was a 33% increase in shipments to Japan, bringing Japan's share of the total up from 18% in the 1985 period to 20.% in the comparable 1986 period. Exports to the U.K. and Western Europe rose by 20%, while exports to the rest of the world gained 9%.

SALES AND EARNINGS

Recently published data by the Department of Commerce show that the sales and earnings totals for all paper and allied products companies in the second quarter followed the strong growth pattern reported in our earlier report on those paper companies that publish such data. Second quarter 1986 net sales for all companies, as shown in the Fact Sheet accompanying this report, amounted to $18.5 billion, 5% above the first quarter level and 1.6% above the high reached in the second quarter of 1985.

The strength evident in the markets for the paper and allied products in the second quarter of 1986 was reflected in the profit figures reported by these companies. Pre-tax profits, at an annual rate of $5.76 billion, were 52% above the first quarter 1985 total and 6.4% above their year-ago rate. After taxes, the reported profits rose 57% from the first quarter 1986 total and 5.7% over their year-earlier level.

The annualized second quarter 1986 after-tax rate was equivalent to 12% of stockholders' equity for these companies, a rate consistent with the average shown for the entire 1975-1981 period. Similarly, the 5% after-tax margin on sales in this period equalled the average margin realized in this earlier period.

SEPTEMBER 31, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
PAPER AND PAPERBOARD — Tons (000)	1984	1985	R June	R July	P August	1986	
Total Production (API).......: excluding :...	68450	67056	5904	5773	6030	70610	5.1
Total Seasonally Adjusted....:construction:...			5883	6039	5904	70238	5.2
Imports (including Products).: and wet :..E	10576	11106	897	1108	N.A.	11550	5.0
Exports (including Products).: machine :..E	4309	4009	377	426	N.A.	4718	17.9
Apparent Consumption.........: grades :...	74717 a	74153 b	6404	6721	6504	77071 c	4.4
Paper Production % Tonnage Capacity...........	92.7 g	90.5 g	91.7	86.8	88.7	91.8 gh	–
Paperboard Production % Tonnage Capacity......	94.6 g	89.9 g	95.2	89.0	95.1	93.8 g	–
			May	June	July		
IMPORTS.....:Including Construction and :...	11075	11521	1029	924	1139	11824	2.5
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	415	385	433	4799	19.2
			May	June	July		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6897	6800	623	640	636	7428	7.4
TOTAL WOOD PULP PRODUCTION - Tons (000).........	55470	54170	4771	4842	4726	56912	4.6
WOOD PULP IMPORTS - TONS (000)..................	4490	4466	422	370	401	4536	0.1
WOOD PULP EXPORTS - TONS (000)..................	3594	3791	365	372	299	4315	11.2
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			May	June	July		
Wood Pulp.............:consumption for:.....	54562	53297	4706	4694	4604	55465	4.0
Waste Paper...........:construction & :.....	15926	15290	1443	1384	1320	16547	9.0
TOTAL..........: WMB grades :.....	70488	68584	6149	6078	5924	72012	5.1
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7499	7563	7812	91260	6.0
EMPLOYMENT (000)			June	July	August		
Paper and Allied Products..........Total......	682.3	683.3	696.8	690.1	690.0	687.5	0.8
Pulp, Paper and Board Mills........Total.....E	263.9	257.7	256.7	252.6	250.0	253.3	-2.3
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	10.44	10.82	11.12	11.14	11.31	11.10	3.3
Pulp, Paper Mills.............................E	12.45	13.11	13.53	13.53	13.82	13.51	4.1
Paperboard Mills..............................E	12.99	13.60	13.97	14.00	14.21	13.95	3.6
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q4	1986 Q1	1986 Q2		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.59	9.56	8.67	9.02	8.87y	3.3
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			June	July	August		
:IN PULP, PAPER :...Production Workers..........	125.5	125.1	129.8	137.3	136.5	132.2	5.9
:AND BOARD MILLS:...All Employees...............	123.9	124.1	130.7	137.7	136.9	133.0	7.7
PAPER AND ALLIED PRODUCTS (Million $)			June	July	August		
Industry Shipments (Dept. of Commerce)*........	95990	97664	9125	9317	9337	107003	10.0
Pulp, Paper and Paperboard*...................	41539	41830	3836	4025	3913	45146	8.1
Inventories (End of Period) - Total Industry*..	9701	9728	9825	10029	10107	10107	4.6
Pulp, Paper and Paperboard*...................	3662	3800	3882	3931	3882	3882	3.5
			1985 Q4	1986 Q1	1986 Q2		
Sales (Corporations Only)......................	71891	71465	17694	17575	18470	72090	0.4
Earnings (Corporations Only)...................	3015	2880	695	589	922	3022	-4.8
Depreciation (Corporations Only)...............	2798	3099	775	820	844	3328	9.3
Net Worth (Corporations Only)..................	28160	29694	29780	30033	30646	30646	3.1
PRICE INDEXES (Bureau of Labor Stats)1967=100			June	July	August		
Pulp, Paper & Products, ex. Building Grades....	292.9	292.2	292.1	293.7	295.8	291.0	-1.1
Wood Pulp......................................	395.0	347.2	357.5	367.7	365.9	345.8	-2.1
Waste Paper....................................	240.1	148.8	168.3	195.0	200.3	158.1	-0.9
Paper..	303.2	303.6	304.5	305.6	307.5	303.7	-0.3
Paperboard.....................................	280.6	275.5	268.6	270.5	274.1	267.4	-4.7
PAPER DEMAND (INDEXED: 1977=100)			June	July	August		
Total Paper Production *.......................	124.0	122.9	127.9	130.8	126.3	126.8	3.2
Paper New Supply *.............................	127.6	128.7	131.7	140.6	134.4	132.7	3.4
Demand Indicators - (Weighted Average) *.....	136.7	141.6	148.8	150.0	150.6	147.7	4.7
Production of Nondurable Goods *...(21.2%).	122.5	125.3	130.6	131.4	132.1	129.9	4.2
Disposable Income ....*.(23.9%)	124.0	126.8	132.0	132.2	132.5	131.5	3.9
Total Printing and Publishing *...(54.9%),	147.8	154.3	163.2	165.0	165.7	161.6	5.1
Trend Factor			Not Available				
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *................	117.3	114.3	121.5	125.2	123.8	121.3	7.2
Production for Domestic Use	115.2	112.8	119.0	123.7	120.0	119.0	6.7
Demand Indicators - (Weighted Average) *.....	118.3	120.1	121.6	122.0	122.2	121.8	1.7
Production of Consumer Goods *...(62.06%)	118.2	120.5	124.2	124.8	125.1	124.0	3.5
Production of Equipment *...(5.75%)	140.5	146.4	139.7	140.8	141.6	142.6	-2.6
Production of Materials *...(32.19%)	114.6	114.5	113.3	113.3	113.1	113.8	-0.8
Trend Factor			Not Available				
NEWSPRINT MARKETS			May	June	July		
Consumption by Publishers - Tons (000).........	12602	12773	1140.9	1094.6	1050.5	12819	3.6
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	461.0	461.0	461.0	789	2.1
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)...........	157798	154213	13994	12700	9688	145891	-0.5
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	3112	3184	3140	37586	10.8
Inventories (End of Period).	2724	3155	3117	3158	3114	3114	6.2
FIBRE BOX DATA (Fibre Box Association)			June	July	August		
Fibre Box Shipments (Million square feet).......	267549	267451	23436	23891	23726	282461	5.5
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2320	2389	2319	2319	-13.9
RETAIL TRADE (Million $)			May	June	July		
Total Retail Sales *...........................	1291835	1378161	118675	118960	119258	1415201	4.1
Nondurable Goods Stores Sales *...............	841417	866541	73121	73364	73375	878789	2.4
GENERAL ECONOMIC DATA			June	July	August		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.2	124.2	124.6	124.8	124.7	0.5
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.4	308.8	298.9	297.7	297.2	300.6	-2.7
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	327.9	328.0	328.6	327.3	2.2
			June	July	August		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	513.0	566.1	572.9	579.6	579.6	14.0
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q4	1986 Q1	1986 Q2		
G.N.P. or Expenditure - Current $..............	3765.0	3998.1	4087.7	4149.2	4179.8	4164.5	5.8
G.N.P. or Expenditure - 1982 $.................	3489.9	3585.2	3622.3	3655.9	3661.5	3658.7	2.9

	lb/capita			
	Pap&Papbd	Othr	Totl	Popul(mil)
.a -	631 +	19 =	650	237.0
.b -	620 +	18 =	638	239.3
.c -	638 +	17 =	655	241.5

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data: standard dev. = 6-8%
N.A. - Not Available
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

September 29, 1986

	PRODUCTION (000 TONS)					
	Aug. 86	July 86	Aug. 85	Jan. - 86 -	Aug. 85	% Change 86/85
PAPER GRADES						
Newsprint	486	477	456	3754	3656	2.7
Printing & Writing	1607	1590	1562	12879	12345	4.3
Uncoated Groundwood (s)	126	128	135	997	992	0.5
Coated Paper (s)	556	484	489	4061	4037	0.6
Uncoated Free Sheet Paper (s)	881	874	831	6971	6451	8.1
Thin Paper (s)	15	18	19	150	160	-6.2
Cotton Fiber Paper (s)	13	11	12	101	95	5.9
Bleached Bristols (s)	87	77	75	669	611	9.5
Tissue Paper	429	395	416	3379	3293	2.6
Total Pkg & Other Paper	422	417	441	3423	3459	-1.1
Unbleached Kraft Packaging & Indl. Converting (s)	272	279	282	2250	2261	-0.5
Other Paper *	151	138	160	1173	1198	-2.1
TOTAL PAPER	2945	2880	2875	23435	22754	3.0
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1575	1439	1402	11757	10934	7.5
Unbleached Kraft Linerboard	1455	1331	1293	10853	10130	7.1
Other Unbl. Kraft Paperboard	119	107	109	904	804	12.4
Semichemical Paperboard	482	441	448	3573	3388	5.5
Bleached Paperboard	342	377	362	2869	2660	7.9
Recycled Paperboard	687	637	664	5439	5059	7.5
TOTAL PAPERBOARD	3086	2893	2876	23639	22041	7.2
TOTAL PAPER AND PAPERBOARD	6030	5773	5751	47073	44795	5.1

WOOD PULP (ALL GRADES)	July 86	June 86	July 85	Jan. - 86 -	July 85	% Change 85/84
Dissolving & Special Alpha	103	107	87	727	720	1.0
Bleached Sulfite	115	115	109	810	796	1.7
Unbleached Sulfite	12	15	15	98	118	-17.1
Bleached & Semi-Bl. Sulfate	1961	2037	1906	13926	13296	4.7
Unbleached Sulfate	1694	1773	1595	12031	11329	6.2
Semichemical	368	345	332	2403	2364	1.6
Groundwood & Thermomechanical	474	450	447	3204	3118	2.7
TOTAL PULP DIVISION DATA	4726	4842	4492	33198	31741	4.6

(s) - Shipments
P - Preliminary
R - Revised